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1 SEPTEMBER 1987

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# **JPRS Report**

## **Africa (Sub-Saharan)**

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1 SEPTEMBER 1987

## AFRICA (SUB-SAHARA)

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ANGOLA

UNITA NOTES CROCKER 'DISMAY' OVER MPLA TALKS

MB240700 (Clandestine) KUP in English to Southern and Central Africa 0600 GMT  
24 Jul 87

[Text] Jamba, the provisional capital of free Angola, 24 Jul (KUP)--The much publicised diplomatic effort in the MPLA regime to win Western support seems to be heading for disaster.

United States secretary of state for African affairs, Dr Chester Crocker, has expressed disappointment and dismay with the outcome of his talks with the MPLA in Luanda last week. In his international news conference Wednesday, he said "the aim of the MPLA was to create the impression that they are holding talks with America. There was no substance in that in the final instance we are not going to waste time and make such long journeys just to have a photograph taken."

The invitation to Dr Crocker to attend talks in Luanda followed on a visit by MPLA strong-man Pedro van Dunem Loy early in June this year. It is to be noted that no joint statement was made at the conclusion of the meeting in Luanda, but the MPLA issued a communique saying that cordial talks on important issues were held and that a relative understanding had been reached. This seems to differ from the impressions of Dr Crocker, who also pointed out during his news conference that it seems to him that there were serious differences within the MPLA regime and that it had not yet decided on a firm political direction because it is under strong external pressure.

In the same week, of the MPLA-Crocker meeting, French foreign minister Mr Jean-Bernard Ramond, cancelled his visit to Luanda at short notice as it was then termed "for technical reasons." Diplomatic observers pointed out that the Iranian issue could have been an important reason for the cancellation but believed that the failure to permit a deputy or one of his diplomatic representatives to proceed with the scheduled visit could be meaningful.

Another set-back for MPLA diplomacy was the recent refusal by the Portuguese Minister of Foreign Affairs Pires de Miranda to accede to the MPLA's request that UNITA representatives be expelled from Lisbon. This refusal came despite reaching a trade agreement with the MPLA regime during talks in Luanda. In the light of this evidence, it is not easy to decide whether the MPLA is losing most ground on the military or diplomatic fronts?

/9274  
CSO: 3400/0196a

ANGOLA

DEPUTY FOREIGN MINISTER INTERVIEWED

LD272101 Paris International Service in French 1245 GMT 27 Jul 87

[Text] [Announcer] The Angolan deputy foreign minister, who is attending the OAU summit, gave us some details on the proposal put forward by his country this weekend in Lusaka. Angola offered to withdraw the Cuban contingent north of the 16th parallel, provided the United States stops supporting UNITA. What is this all about? Here is Angolan deputy foreign minister (Venancio Moura), interviewed by Jean-Karim Fall [not further identified].

[Moura] Angola has displayed flexibility when it said it contributed to the speeding up of the implementation of (?evolution 43s). [Preceding two words in English.] It agreed on the principle of withdrawing Cuban troops in the south of our country.

[Fall] Do you think that this gesture is going to give a new lease of life between your country and the United States, relations which, at the moment, are a bit cool, particularly after Mr Chester Crocker's statements? [sentence as heard]

[Moura] Perhaps Mr Chester Crocker was disappointed, since he is (?trying to pre-empt us) [words indistinct], which was not planned. In fact, we are [words indistinct] because we are the ones who have been under attack. Some parts of our territory are equipped by South Africa, but I do not think that relations are cool because, as you know, we broke off negotiations with the United States nearly 8 months ago. Now, the fact that we have renewed contacts, in our view, is a positive step.

[Fall] You are, therefore, optimistic on the future of relations between Luanda and Washington?

[Moura] Yes, Yes. Why not? Why not?

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CSO: 3400/0196a

ANGOLA

FAPLA OFFICIAL SUMMARIZES SUCCESSES AGAINST UNITA

MB241800 Luanda Domestic Service in Portuguese 1200 GMT 24 Jul 87

[Text] Imperialism, which increasingly persists in destroying our country whose regime it (?hates), is mobilizing, arming, and financing UNITA in acts of subversion; massacre of children, old people, women, and invalids; looting of people's goods, etc. We are aware that the (?deadly) cooperation between forces of imperialism and counterrevolution is part of a vast conspiracy aimed at crushing our people's spirit of liberation. In this context and as we approach the 13th anniversary of the founding of FAPLA, we talked to Lieutenant Colonel Macedo de Moraes Domingos Violencia, who briefed us on the activities carried out since last August to this present date.

[Begin Violencia recording] In this military region our enemy, UNITA, does not fail to use, as part of its criminal tactics, attacks against coffee farms, defenseless villages, and isolated vehicles; the laying of mines; and acts of sabotage; looting, and theft of people's goods. Their actions are directed against the people, avoiding direct confrontation with our glorious fighters. Accordingly, as a result of fighting between August 1986 and the present date, we record the following results: Over 171 UNITA elements killed and over 43 captured. The following war materiel was seized during the period from August 1986 to the present: 80 infantry weapons, 39 antipersonnel mines, 4 antitank mines, 56 RPG-7 shells, 240 clips, 3 hand grenades, 18,884 assorted ammunition. A total of 908 civilians were freed or surrendered to our forces. As a result of these successes, we feel happy and satisfied, and with a high morale we are ready to continue fighting the enemy until his total elimination. We sustain in our hearts the conviction that our revolution shall triumph, at no matter what price. To honor and galvanize the blood of the best sons who fell for this fatherland, we concentrate our attention on the tireless fight against UNITA bandits. [end recording]

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CSO: 3400/0196a

ANGOLA

NINTH REGION REPORTS ADVANCES AGAINST UNITA

MB242046 Luanda Domestic Service in Portuguese 1900 GMT 24 Jul 87

[Text] In Malanje province, our defense and security forces carried out clean-up operations against criminal groups sent by the racist Pretoria regime.

In clean-up operations during the first 6 months of this year by the national defense and security forces stationed in the 9th military region, over 16 [as heard] criminals belonging to the UNITA puppet group were killed and another 10 taken prisoner. The Malanje regional station learned this from an official source. According to the source, during this period, the glorious FAPLA forces also freed about 73 civilians who were in captive to the murderous claws of the puppet army of racist South Africa. Our forces also captured a quantity of military materiel, including 27 infantry weapons, 8 mortar projectiles, 24 military knapsacks, 3,640 assorted ammunitions of different calibers, and 13 hand grenades.

On banditry activities by UNITA hangmen, the source added that these activities, as is usually the case, have been directed against our country's civilian targets and defenseless people, thus undoubtedly proving their avoidance of direct confrontation with our FAPLA units. The source went on to say that in an attempt to create a safe corridor that would allow quick supply to their isolated (?groups), the lackeys of international imperialism, led by the United States, have recently directed their principal attention to the municipalities of Massango, Marimba, (?Cunda), Luquembo, and Quirima. However, the source stressed that the brave fighters of the territorial battalions found there are capable of repelling, at no matter what price, all attacks from that group of sellouts.

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CSO: 3400/0196a

ANGOLA

BRIEFS

4TH MILITARY REGION REPORTS ACTIONS--Our forces in the 4th military region which includes Huambo and Bie Provinces, continue their merciless fight against the UNITA puppet gang. Our reporter in Huambo Provinces gives details. [Unidentified reporter] According to an authorized military source, our armed forces killed 56 bandits, including a second lieutenant, and captured another 7 in actions between 1 and 15 July. During the same period, our forces captured 28 infantry weapons, 2 RPG-7, 2 antipersonnel mines, 28 rockets of various types, 1,620 rounds of ammunition for infantry weapons, 100 meters of explosive fuse, 10 ammunition pouches, 60 clips, 2 radios for communication, 2 hand grenades, 1 compass, 2 pairs of military boots, and 5 rucksacks. The same source also said that our forces destroyed 570 huts which the armed bandits used as shelters and captured an assortment of documents, mostly on enemy propaganda. It should be noted that from 1 to 15 July, the FAPLA forces freed eight people, including old people, women and children who live in captivity in the jungle. They have now been released. [Text] [Luanda Domestic Service in Portuguese 1200 GMT 23 Jul 87 MB] /9274

UNITA REPORTEDLY HOLDING BACK MPLA--Jamba, provisional capital of the Free Land of Angola, 23 Jul--The first tactical moves by five Russian-Cuban backed MPLA brigades from Cuito-Cuanavale are being held back because of UNITA forces attacks and heavy bombardments which have resulted in high MPLA and Cuban casualties. Military sources told KUP MPLA's SU 22 reconnaissance planes and MIG 21 and 23 fighter bombers are reported to be bombing Chambinga and Cunzumbia villages while exposing themselves to UNITA anti-aircraft fire. [Text] [(Clandestine) KUP in English to Southern and Central Africa 0600 GMT 23 Jul 87 MB] /9274

179 ANGOLANS, 14 CUBANS KILLED--In a communique issued in Lisbon today, the National Union for the Total Liberation of Angola [UNITA] claims that its forces killed 179 Angolan Government troops and 14 cubans in operations carried out on 21 and 22 July. The communique says the units' forces suffered 10 dead, 43 wounded, and one soldier missing. The operations were carried out in the northern provinces of Uige, Lunda, and Cuanza-Norte, the eastern province of Moxico, and the southwestern province of Cuando-Cubango. The communique from the UNITA General Staff further reports that two soldiers of the Angolan armed forces, FAPLA, were captured, and 115 were wounded. Among the latter was the chief of staff of FAPLA's 16th brigade, during an attack

near the source of the (River Xambinga), 27 km from Cuito-Cuanavale. The UNITA forces destroyed 2 tanks and 34 other vehicles, and captured 63 firearms. [Text] [Lisbon International Service in Portuguese 1830 GMT 27 Jul 87 LD] /9274

269 RETURN FROM ZAIRE--Some 269 fellow countrymen returned to Angola from the Republic of Zaire during the first 6 months of 1987. This has been disclosed by ANGOP, citing the Zaire provincial delegation of social welfare. The source added that the Angolans surrendered to the authorities at the border posts of Luvo and (Ntovo), situated in (Munza Combe) district, and were subsequently taken to their provinces of origin where they are being resettled in production activities in accordance with their qualifications. [Text] [Luanda Domestic Service in Portuguese 1900 GMT 20 Jul 87 MB] /9274

UNITA CLAIMS CONSTANT ATTACKS--Jamba, provisional capital of the free land of Angola, 21 July--Two principal roads joining the Angolan capital, Luanda via Casito to Uige Province in the north and Luanda via Ndondo to Malange which have been under constant UNITA attacks are becoming more and more unusable. Military sources disclosed today that normal traffic has been drastically reduced due to heavy losses inflicted on convoys of trucks transporting bulk supplies to the capital. The rail link between Luanda and Malange has been closed after UNITA forces blew up the rail bridge across the Luinha River. The sources say that hardships and discontentment among Luanda city dwellers are growing as the little supplies that trickle into the city is sold at sky-high prices. The rural population around Ucua, Pango-Algue, Casito, Catete, Yiana and Funda has been the main suppliers of the staple food consisting of cassava, palm-oil and bananas. The local population of Cerca, Calunga and Catamba is supporting UNITA forces because of the forces kind treatment of the population, which includes protection of their fields and property. [Text] [(Clandestine) KUP in English to Southern and Central Africa 0600 GMT 21 Jul 87 MB] /9274

FOOD SHORTAGE IN LUANDA--Jamba, provisional capital of the free land of Angola, 23 Jul- Life in the Angolan capital, Luanda, has become so expensive that a litre of cooking oil sells for six thousand kwanza (MPLA currency) or the equivalent of an average worker's monthly salary, because of serious shortages of essential goods. According to informed sources, most of the city's residents have no alternative but to turn to the black market because of the limited quantity of commodities the monthly government-issued food ration cards allow them to buy. Each family is permitted to buy only two litres of cooking oil, two kilogrammes each of sugar, rice and meat, and half a kilogramme of salt from the state-owned shops. The sources added that some leading MPLA officials who have easy access to essential commodities, are heavily involved in the illicit trade using crownies especially at the main black markets of Calembo, Cala-a-boca, Roque Santeiro, Sao Paulo and N'zamba where a loaf of bread is sold for as much as five hundred kwanza. [Text] [(Clandestine) KUP in English to Southern and Central Africa 0600 GMT 23 Jul 87 MB] /9274

CSO: 3400/0197a

BURKINA

MINISTER OFFERS TO HOST AFRO-ARAB MEETING

AB242207 Ouagadougou Domestic Service in French 1900 GMT 24 Jul 87

[Text] Our country is represented at the OAU ministerial conference [in Addis Ababa] by Comrade Leandre Bassolet, minister of external relations and cooperation. During his address, our representative stressed the Afro-Arab Conference's lack of achievements since its institution. With a view to eliminating the existing difficulties, Comrade Bassolet proposed that a meeting be held soon in our country, as Burkina Faso is willing to host such a meeting.

In addition, the Burkinabe foreign minister has undertaken a real diplomatic marathon in Addis Ababa. He has held discussions with his counterparts of the following countries: Cuba, Libya, Egypt, Gambia, Somalia, Ethiopia, Mozambique, Cape Verde, Mauritania, Benin, and Madagascar.

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CSO: 3400/199

CAMEROON

BRIEFS

JAPANESE FINANCIAL GRANT—Yaounde, 22 Jul (CAMNEWS/PANA)--The Japanese Government has granted Cameroon a loan of over 3 billion CFA francs that have made possible the purchase of 242 machines for resurfacing the national road network, the CAMEROON TRIBUNE daily newspaper reported today in Yaounde. [Excerpt] [Dakar PANA in French 1104 GMT 22 Jul 87 AB] /9274

CSO, 3400/198

GHANA

TIMBER COMPANY CLOSED AFTER LABOR UNREST

AB210813 Accra Domestic Service in English 2000 GMT 20 Jul 87

[Text] Reports reaching the GNA [Ghana News Agency] in Accra indicate that the Mim Timber Company and Scanstar Limited in the Brong Ahafo region have been closed down and declared a prohibited zone by the Brong Ahafo regional secretary, Colonel Alex Antwi.

Eyewitnesses say last Friday a section of the workers started inciting the rest of the employees to go on strike. A group of workers blocked the entrance between the residential area and the factories and attempted to prevent other workers from entering the factories.

When the district commander of police and the inspector of police in charge of the area tried to reason with them, the employees assaulted them with stones and sticks. They also attacked the bungalows, destroyed property, and slaughtered any fowl, goat, and sheep they came across. Damage caused is estimated at several hundreds of thousands of cedis.

Reports say that a meeting between officials of the Brong Ahafo regional administration, the workers, leaders, and management was held to find the cause of the sudden strike action. Sources close to the meeting say that the employees of the two companies said that when minimum daily wage was 90 cedis, they were already being paid 97 cedis 50 pesewas minimum wage. They said that when the government authorized the increase of salaries and wages by 25 percent across the board, subject to ability to pay, the management rather calculated the 25 percent on 90 cedis instead of 97 cedis 50 pesewas.

Apart from the wage issue, workers of Scanstar said that a request was made to management for them to also enjoy the benefit of the food for work program which was being enjoyed by the Mim Timber Company, since they are a sister company. Negotiations had begun between management and employees before the managing director, Mr D. Red sow, traveled abroad 2 weeks ago and the affairs of the company were left in the hands of the general manager. A decision was taken to go on strike in the absence of the managing director to force the hand of management. It was pointed out to them that only last Wednesday they had agreed with management to wait until September to enable management to meet their demand, since it was expected that the company's

finances would have improved by then. At the end of the meeting, the workers agreed to abide by their earlier agreement and to go back to work. This morning the majority of the workers reported for work. However, a small group of troublemakers, who wanted to repeat last Friday's episode, came to incite them. Police who were on duty arrested some of them and put them in custody. The remaining troublemakers, in an unexpected move, attacked the police station in an attempt to release their colleagues. In the resulting confrontation, two of the employees are reported to have been seriously injured.

A military reinforcement has since been sent to the area and all is reported calm. Meanwhile, preliminary investigations have indicated that one of the local chiefs in the town held a secret meeting with some of the workers and was instrumental in creating the misunderstanding which led to the strike action.

/9604  
CSO: 3400/177

GHANA

UNION COUNCILS SAID TRYING TO CONFRONT GOVERNMENT

AB202143 Accra Domestic Service in English 1800 GMT 20 Jul 87

[Text] The CDR [Committee for the Defense of the Revolution] executives of the Tema Textiles Limited [TTL] have called on the secretary general of the TUC [Trades Union Congress], Mr A.K. Yankey, to bring to book members of various district councils of labor who have been misleading workers and trying to discredit the PNDC. In a statement issued in Accra today, the TTL CDR executives expressed concern over the confrontational methods which the councils have been employing in dealing with some government policies, often resulting in throwing the whole labor front into total confusion.

The statement said such actions of the various district councils of labor connote a display of parochial and mediocre politics calculated to discredit the genuine political consciousness and the social credibility of the PNDC government. The statement congratulated the secretary general and the executive board of the TUC for the mature and level-headed position taken, as a matter of principle, in resolving imaginary labor differences between the TUC and the government. And it expressed sincere appreciation for the way a statement from Mr Yankey has sought not only to inform workers about the process of resolving differences, but also to give the requisite labor education to workers, especially at this crucial stage of socioeconomic development.

The statement endorsed the principle of dialogue as a critical path for solving sensitive national issues. The TTL CDR called on the TUC secretary general and the executive board to initiate a disciplinary process to guide officers of such district councils of labor whose mischievous behavior and personal interests override those of the TUC, on whose mandate they stand and whose collective interest alone they must champion.

The statement, however, suggests that if the TUC executive board does not have the disciplinary powers, then the elements within the district councils of labor, who only lead less enlightened workers to make unrealistic demands without corresponding relationship to productivity and, for that matter, consideration of the national situation, must be critically watched and flushed out at the next congress. The statement concludes: We finally wish you and the entire executive board successful deliberations with the government in the interest of the real working people of Ghana. Principled solidarity forever, the TTL CDR said in conclusion.

/9604  
CSO: 3400/177

GHANA

LABOR UNION WARNS MEDIA NOT TO FAN CONFLICT

AB250634 Accra Domestic Service in English 2000 GMT 24 Jul 87

[Text] The secretary general of the TUC [Trades Union Congress], Mr A. K. Yankey, has criticized attempts in some of the media to devide the ranks of the labor movement.

Referring to the GRAPHIC editorial on 21 July 1987, the statement, issued through the Secretarial Bureau of the TUC emphasized that the district councils of labor are the live wire of the organization and said that such editorials rather generate more confrontation. The statement said, in any human institution, there are bound to be conflicts, and conflicts between government and workers are not unusual. When such conflicts arise, we should endeavor to resolve the issue through dialogue rather than confrontation. That is why the labor movement always called for meetings with government to resolve issues. The newspapers should stop fanning those conflicts and make it difficult for the issues to be resolved. Nobody should jubilate over the communique that was issued after the meeting between the TUC and the government on 10 July and no one should also jubilate over the release issued by the secretary general. These have been done in good faith to save the situation in the interest of the nation. The issues are yet to be resolved, and it would be most unpatriotic for anyone to try to make capital out of them.

/9274  
CSO: 3400/199

GHANA

BRIEFS

AFRICAN STUDENT HEADQUARTERS OPENS--A protocol formally establishing the headquarters of the All-African Students Union [AASU] in Accra has been signed. The under secretary for foreign affairs, Dr Mohamed Chambas, and the acting secretary general of ASSU, Mr (Manuel Pedro Chavez), initiated [as heard] the accord in Accra yesterday. Dr Chambas expressed the government's readiness to work with AASU to expand its activities to promote African unity. He said the government's association with the union is a concrete manifestation towards African solidarity and unity. [Excerpt] [Accra Domestic Service in English 0700 GMT 25 Jul 87 AB] /9274

CSO. 3400/199

IVORY COAST

PRESIDENT DEPLORES LOW COMMODITY PRICES

Abidjan FRATERNITE MATIN in French 9 Feb 87 pp 1, 6

[Article by Hien Solo; first five paragraphs are FRATERNITE MATIN introduction]

[Text] President Houphouet-Boigny received a delegation of European textile executives on 7 February.

The president indicated that the Ivory Coast must adopt new policies in the future, in view of the inability of the different international agreements to control raw materials markets effectively. For the Ivory Coast this will involve getting around the numerous middlemen between producers and consumers as well as possible and establishing increasingly direct relationships with the real users of our products. The visit of about 20 European textile executives interested in Ivorian cotton to the Ivory Coast should be seen in this context.

When he received them on 7 February, at the end of their visit, the president welcomed this new initiative which, if it was successful, "would establish a happy precedent for our country." He criticized at some length market speculation in our products which has worsened the deterioration in our terms of trade and has disturbed all of our economies.

He noted: "This year our country is losing more than 530 billion CFA francs, not because of bad management, but due to the simple fact of low market prices for our exports. That is too much for a small country like ours."

The president said that he was ready to join in confident cooperation, based on justice, with all of our country's trading partners.

In view of the repeated failures of the different agreements on raw materials, the Ivory Coast has decided to enter into direct contacts with the real users of its products. This explains the invitation extended to about 20 European cotton industrialists who visited our country from 1 to 8 February in order to evaluate and see on the ground the agricultural development efforts undertaken by the Ivorian government and to study with our leaders the terms of a confident kind of cooperation.

In effect, the situation is worrisome. The market prices for our raw materials are still clearly inadequate, and speculators have been very active. The president, who received the industrialists on 7 February at his private residence in Cocody, said: "We must adopt a new form of behavior. You cannot kill speculation. That has existed since the dawn of time. Until we are able in the future to offer finished goods, which will make it possible for us to speak in another language, we must adopt a new spirit. That is, we must act in such a way that there will be as few middlemen as possible in our trade."

After having denounced the ineffectiveness of commodity arrangements, including the Lome agreements, in really defending the interests of the producers, President Houphouet-Boigny said that he was very much concerned over the continued decline in the prices of almost all of our raw materials. He said that our country has made considerable efforts to make the Ivory Coast into a major producer of cacao, coffee, palm oil, pineapple, and bananas. The chief of state did not hide his concern over seeing that all of these efforts have been ignored, due to the egotism of the rich, whose minds have been obscured by the thought of immediate profits alone.

The president said: "We have had enormous difficulties in persuading our compatriots to grow cotton, because of bad memories of long ago." (He was referring to the colonial period, when the production of cotton was not only obligatory but also very poorly rewarded in money terms.) He added: "We used to produce 6,000 tons of cotton annually at the time of independence. Now our production has risen to 212,000 tons, placing us behind Egypt and the Sudan. We could very quickly pass the Sudan in production. In the same way, we could double our production of cacao and raise it to 1.0 million tons annually. It will be enough for me to ask my compatriots to do this. They work hard. I know them."

However, the reality is there, sad and depressing. The chief of state had to look it in the face. He said: "I could not pay for all of these products! What could I do? The market prices are low! For a long time cacao made it possible for us to support cotton on behalf of our brothers in the northern part of the country. Now, with the general decline in the prices of all of our products, we no longer know what to do." This particularly led the chief of state to comment: "This year we are losing more than 530 billion CFA francs, not because of bad management, but due to the simple fact of the decline in market prices. That is too much for a small country like ours. Therefore, the situation is difficult." After having emphasized in some detail the need for humanity to reform the present system affecting trade between the developed countries and the countries producing raw materials, President Houphouet criticized the law of the market, where the forces operating there are even more unbalanced than ever.

Certainly, the chief of state said, "the Ivory Coast respects a liberal economy. However, let us not talk about the law of the market which is only in effect for countries which are equally developed!" Once again the president criticized the deterioration in the terms of trade which quite clearly favors the rich countries, to the detriment of their trading partners in the southern part of the world. He expressed pleasure over the new

overture made by our country toward the ultimate consumers of our products, even though the latter, like us, are also victims of speculation.

Speaking to the European cotton industrialists, he said: "This experiment interests us. If you want to help us, and if our relations are based on confident and lasting cooperation, you will set a happy precedent."

The president emphasized that our country is favorably disposed to accept all suggestions and advice which would make it possible for it to provide its customers with a product which meets their tastes, provided that the spirit of justice presides over our trade.

However, regarding this question, the chief of state seems to have been well understood, since the industrialists whom he received shared his concern. In their different statements, they mentioned the steadily declining tendency in cotton prices, a situation which, they stated, was damaging to them at the same time as it harmed the farmers. Therefore, this required a new kind of economic management of the cotton industry. Furthermore, the industrialists promised to hold a constructive dialogue with our leaders and to turn it into a kind of pattern for the Ivorians, affecting such matters as peace. The objective is that each party should obtain the greatest profit from his own work.

We note that the 20 industrialists present in Abidjan take 30 percent of our cotton exports, after Taiwan, which takes 45 percent by itself. In spite of everything, our largest customer is located very far from us, and the Ivory Coast, due to very high ocean freight charges, gets no very substantial profit from its trade with Taiwan. That is why the diversification of our trade is an excellent thing. We must hope that the initiative undertaken by the European bureau of the Stabilization Fund in Paris to create more interest in our cotton among Europeans will make it possible to demonstrate a clear, comparative advantage. At least the quality of Ivorian cotton will definitely make it possible to demonstrate this, since the European industrialists made no attempt to hide it, when they spoke to the chief of state. Apart from a few improvements to be made in terms of its packing, Ivorian cotton is competitive. Together with Ambassador Bakayoko, a senior official of the European Stabilization Fund, the industrialists were able to observe conditions on the ground in Bouake and in Yamoussoukro, two localities where they no doubt were able to see the strong points of the Ivorian farmer and the efforts made by the government to provide him with technical support.

Their visit to our country also made it possible for them to meet with Rene Amany, director of the Stabilization Fund, and his associates and with Minister of Agriculture Denis Bra Kanon, who returned from Geneva on 6 February. The minister of agriculture was able to meet with them before their audience with the chief of state on 7 February. No doubt all of these meetings made it possible to define the framework of future cooperation between the two sides.

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CSO: 3419/103

IVORY COAST

EDUCATION PROBLEMS STUDIED WITH FRENCH CABINET MINISTER

Abidjan FRATERNITE MATIN in French 10 Feb 87 p 2

[Article by Honorine Kouman; first paragraph is FRATERNITE MATIN introduction]

[Excerpts] In the course of her visit to the Ivory Coast Michele Alliot-Marie, French secretary of state to the minister of national education in charge of education, met with Dr Balla Keita, minister of national education in charge of secondary and higher education, on 9 February. During this working session educational problems were considered.

Dr Balla Keita emphasized that even though President Houphouet-Boigny has given education the highest priority, presently devoting 43 percent of the national budget to this sector, many educational opportunities have been lost.

For example, not all elementary school students can reach sixth grade. Students are screened in terms of the places available in public and private schools. In secondary schools, the same obstacles exist.

Regarding the initial and continuing training of teachers, Doctor Balla stated that up to the present the Higher Teachers Training School (ENS) has carried out this training role with much appreciated assistance from France. Moreover, the ENS is considered the prime example of successfully staffing an institution with Ivorian personnel. The ENS has been able to train 500 university professors per year, about 6,000 secondary school teachers, more than 400 leaders for the CAFOP program, and 150 inspectors of education. To that should be added the training carried on in the universities.

However, there is convincing evidence that this effort has not resolved the problem of a shortage of mathematics and physics professors. This is particularly the case in senior high schools. Clearly, this is a situation which calls for the reorganization of the initial training program. It will be necessary to retrain certain teachers, review their career profiles, and attach real importance in the future to the training of medium level cadres. This is the new approach to educational problems. Dr Balla Keita considers that there are still job openings available in agriculture and that filling these vacancies would prevent "intellectual unemployment."

Experiments with data processing would also be welcome. However, before undertaking them, it would be appropriate to study the advantages and disadvantages of this system, in order to avoid errors, as in the case of the brief experiment with educational television in the Ivory Coast.

The Ivorian minister also told Secretary of State Alliot-Marie that the Ivory Coast would like to have France open up its best schools (in medicine, dentistry, and advanced scientific study) to Ivorian students in significant numbers.

In his presentation Dr Balla Keita also emphasized the dynamism and the exemplary quality of Franco-Ivorian cooperation. He expressed the gratitude and appreciation of the Ivorian government to the French government.

In her response Secretary Alliot-Marie stated that, although educational problems in France are not of the same kind as in the Ivory Coast, nevertheless they are real.

Certainly, in France all children attend school. However, some 20 percent of these schoolchildren still have difficulties in reading and writing by the time they reach sixth grade, while 10 percent have relapsed into illiteracy. In the view of the French secretary of state, there are many similarities between France and the Ivory Coast. In the Ivory Coast, as in France, human beings are placed above structural systems and ideologies. And, although there are differences between the two countries, these are a source of mutual enrichment. Regarding the solution of educational problems in France, the system of data processing has its place. Although Secretary Alliot-Marie emphasized the desire of France to help the Ivory Coast, the fact remains that France also is experiencing a shortage of mathematics and physics teachers. Then she promised to devote herself to developing Franco-Ivorian friendship. She concluded: "Together, we are going to try to develop healthy minds in healthy bodies."

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CSO: 3419/103

IVORY COAST

FRENCH EDUCATIONAL AID

Abidjan FRATERNITE MATIN in French 14-15 Feb 87 p 4

[Article by Honorine Kouman; first paragraph is FRATERNITE MATIN introduction]

[Excerpts] Michele Alliot-Marie, French secretary of state for education, left the Ivory Coast for France on 12 February after a 3-day visit. Before her departure she gave a press conference on 11 February at the Hotel Ivoire.

In her press conference Secretary Michele Alliot-Marie presented a broad review of educational problems in the Ivory Coast and in France. Without hesitating, she answered reporters' questions on the introduction of data processing in education, exchanges between Ivorian and French universities, the future of the French-speaking world, the concept of an international baccalaureate certificate, and demonstrations by students and now among the teachers in France.

Regarding data processing, she considered that France was well-advanced in this area. However, she referred to other possible uses for computers at present, particularly regarding teaching materials. She said that it is necessary to turn computers into training tools. However, this will not prevent France from helping the Ivory Coast in this sector. She said that she had even brought with her data processing equipment for the Ivory Coast.

She expressed satisfaction over this collaboration between the two countries and hoped that it would continue, to the extent that experiments undertaken in the Ivory Coast could also be of benefit to France. She said that in this way the two countries will be able to make progress, taking into account their respective successes and failures.

Regarding occupational training in the Ivory Coast, France is already taking part in this program, providing 470 teachers, or 25 percent of total. This number of teachers has steadily increased since 1985, when the Ivory Coast asked France to increase its aid.

Secretary Alliot-Marie stated that our country is an example for neighboring countries in the area of occupational training. She remarked during her visit that the quality of the instruction is already attracting students of different nationalities.

In her meetings with Ivorian university officials the French secretary of state for education spoke in favor of integrated agreements, that is, from university to university. Under such programs teachers, students, and research specialists could organize themselves to hold meetings, conferences, and round table discussions. All of this would have a real impact on the situation.

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CSO: 3419/103

IVORY COAST

TRADE WITH GREECE STUDIED

Abidjan FRATERNITE MATIN in French 10 Feb 87 p 9

[Article by Adama Diabate]

[Excerpt] "The Ivory Coast is a country with a liberal trade policy. Its trade is open to the world outside it, and we think that we can diversify and expand our trade with Greece."

Minister of Commerce Kouandi Angba made this statement on 9 February to the members of a large Greek trade mission which had come to look into the Ivorian market.

Trade between Greece and the Ivory Coast, which is not covered by any trade agreement, declined steadily from 1982 to 1984 and then increased after 1985, when the total value of the trade amounted to 5,584,000,000 CFA francs.

The principal products exported to Greece by our country are timber, cacao beans, and natural rubber. In return, Ivorian imports from Greece include fresh fish, canned fruit, plastic materials, and rubber tires.

The trade balance between the Ivory Coast and Greece favors our country.

Spyros P. Stalias, counselor to the Greek Ministry of Commerce and chief of the Greek delegation, replied to the speech of welcome delivered by Minister Kouandi Angba and said that the most important object for his country was not the reestablishment of balanced trade but rather an increase in Greek-Ivorian trade. In view of the complementary nature of the two economies, Stalias thought that Greece could provide its technical assistance to our country in the agricultural area (particularly with regard to irrigation, pesticides, and fertilizers), in the food industry (particularly regarding fishing), in the textile industry (where Greek companies could establish joint ventures with their Ivorian counterparts), in construction, in water supply, and in tourism.

Regarding Ivorian products, Stalias noted that his country is determined to increase its imports, particularly of coffee (79 percent of Greek imports of coffee come from the Ivory Coast), cacao, and timber. Ivory Coast is the second and third largest supplier of Greece, respectively, in terms of cacao and timber.

The chief of the Greek delegation said that he was a pragmatist and proposed the holding of expositions (for example, an Ivorian trade week to be held in Greece to publicize the products of our country and vice versa) in order to increase trade between the two countries. Minister Kouandi Angba replied favorably to this request by promising to take action quickly to hold this proposed exposition.

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CSO: 3419/103

## IFC TO HELP AILING PARASTATALS

Nairobi DAILY NATION in English 25 Jun 87 p 10

[Article by Anderea Morara]

[Text]

The International Finance Corporation has agreed to help revive some of Kenya's ailing parastatals.

The IFC's visiting chief executive, Sir William Rye, told the Press on Tuesday discussions between him and Government officials had led to pledges of assistance in:

- Rehabilitation of ailing Government firms;
- Promotion of small businesses;
- Increase in exports;
- Enhancement of Kenya's foreign exchange.

He said his organisation could assist in areas where Kenya had a comparative advantage in the world market, such as tourism.

Sir William is in the country to review IFC programmes. Kenya has the largest IFC investment in sub-Saharan Africa amounting to (\$91 million), and the organisation has outstanding equity in 14 Kenyan companies.

Said Sir William: "There is great potential for business development in Kenya. The corporation would like to give more support to the Kenyan private sector, especially in joint ventures with local businessmen."

The corporation boss said the recently created African Project Development Facility was keen to give technical assistance to small and medium businesses and help them raise funds for investment.

The facility, sponsored by the IFC, UNDP and the African Development Bank (ADB), has already attracted many applications from businesses.

The IFC has guaranteed funds to four Kenyan institutions - Diamond Trust, Industrial Promotion Centre, Kenya Capital Corporation and Development Finance Corporation of Kenya (DFCK) - which will channel money to small businesses.

The corporation has also given assistance towards the establishment of hotels, lodges and tourism facilities.

Sir William said he was happy with President Moi's assurance that the Government would be "very flexible" on the 51 local equity requirement announced last year.

He added that balance of payments difficulties, depreciation of the shilling and price control were some of the disincentives foreign investors faced in Kenya.

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CSO: 3400/400

## GOVERNMENT STUDYING REVIVAL OF FAILED PROJECTS

Nairobi THE WEEKLY REVIEW in English 26 Jul 87 pp 23-26

## [Excerpts]

**A**lthough the government has in the past expressed its intention to revive the dormant projects in which it holds majority or substantial shareholding, little action seems to have been instituted towards this end so far. When the minister for industry, Dr. Robert Ouko, mentioned last week that the government would revitalise the failed projects, among them the giant molasses utilisation complex at Kisumu, analysts treated his statement with the same pessimism that has developed over the years with regard to the projects.

However, it appears that the government may after all be considering reactivating the dead projects. For the last one week or so, Ouko, together with senior officials from his ministry, has been touring the crippled and ailing projects, apparently to evaluate what is needed to reactivate them. Among other projects, Ouko and his team have visited the ailing Mountex Ltd. (formerly the Mount Kenya Textile Mills Ltd.) in Nanyuki, which is facing operational problems and the Kenya Fibre Corporation, which is currently under receivership and whose assets were recently put up for sale by the receivers. Kenya Fibre, which was founded in 1979, was grounded even before it commenced operations.

The plans to resurrect the Kisumu molasses project, which was established

under the name Kenya Chemical and Food Corporation Ltd., seem to have been pressed forward by the Madhvani Group, which partnered the government in the project. According to Mr. Nitin Jayant Madhvani, the principal shareholder of the Madhvani Group, his group has held discussions with the government over the last four years since the project halted to determine how best to save it. He said that the Madhvani Group has formulated and submitted proposals which will enable the project to start operations as they still considered it a very viable project.

One of the proposals that Madhvani has made to the government is that the government should remain the principal shareholder in the project. Before the project is revived, technicians will have to make a critical assessment of the plant to establish what actually is needed to set it moving. The technicians will have to establish the extent of the depreciation of the machinery at the plant which Madhvani felt may not be substantial. The project will also need incremental investment to start operating, which Madhvani said he could not estimate before the necessary appraisal had been made on the project. If the government gave the necessary green light for the project to be reactivated, Madhvani projected that it would be possible for production work in the plant to commence within a period of 12 to 16 months.

Once completed, the project was expected to consume some 110,000 tonnes of molasses per year to produce 20 million litres of power alcohol annually and about 10 other products. These include 3,000 tonnes of citric acid, 1,800 tonnes of fresh baker's and activated dry yeast, 2,160 tonnes of vinegar and 7,500 tonnes of sulphuric acid. The project was also designed to produce 6,800 tonnes of oxygen, 2,000 tonnes of ammonium sulphate fertiliser, 6,000 tonnes of gypsum, 9,000 tonnes of carbon dioxide and methane gas, which was expected to provide more than 50 per cent of the project's total operating requirements for combustible fuels.

The projected plan for the project showed that the power alcohol from the plant was valued at shs.150 million in 1981 and was expected to reduce Kenya's annual demand for crude oil by approximately 170,000 barrels, equivalent to a saving of \$7.1 million in foreign exchange at the time. The alcohol was to be blended with gasoline to provide high performance gasohol. In addition to alcohol, the appraisal of the project estimated that citric acid sales would generate shs.8.3 million locally and shs.46.4 million in the export market while yeast was expected to have a total sales value of shs.56.5 million and vinegar shs.16.7 million. Technical and economic experts estimated that the project would result in a net savings of foreign exchange of more than \$16 million annually.

In addition to the molasses project, the government had also invested majority capital in the shs.72 million equity Kenya Fibre Corporation Ltd., which was begun in September, 1979, but never got off the ground. The corporation was intended to manufacture the much needed polyester fibres and texturised filament yarn used for blending with cotton and wool in the making of textile fabrics. This was expected to reduce importation of synthetic fibres.

Besides the government, the other investors in Kenya Fibre included the Industrial Development Bank (IDB) (which has placed the project under receivership), Chemitex Africa Investment Inc., a New York-based company, and also Advait of Madhvani. By the time the project went under, it had consumed a total of shs.320 million. In addition to the equity participation,

IDB have provided a further shs.10 million long-term loan and the project had also secured shs.208 million overseas credit through US Export-Import Bank and the Oesterreichische Kontrollbank of Austria.

The dormant projects also include the Kenya Furfural, which was founded in 1976 but ceased operating soon after it commenced in 1982 at the height of serious financial difficulties. The project, which is located in Eldoret, was designed to manufacture some acids such as acetic acid, furfural and formic acid from maize cobs. Besides the government and IDB, the project was also financed by the Agricultural Development Corporation, the Development Finance Company of Kenya, Kalo-Agri Industries Ltd., Lewis and Peat Ltd., Escher Wyss GmbH and Forster Wheeler Process Plants Ltd.

Despite the fact that the "dead" projects are not productive, they have continued to draw substantial public funds in addition to the funds already sunk in them. As the main financier and guarantor, the government has continued to service the heavy debts accruing to local and foreign financiers in respect of the still investments. In November of last year, for instance, the minister for finance, Prof. George Saitoti, sought parliamentary approval to commit the government to guarantee loans of shs.980 million in accumulated debts secured by government investments. Among these was shs.250 million in respect of the molasses project and shs.25 million for the furfural project. In the local financial market, the molasses project was reported to be owing the Kenya Commercial Bank Ltd. shs.30 million in overdraft facility. The project also owed a further shs.18 million in foreign guarantees, shs.12 million in promissory notes and another shs.10 million due to the receiver's account.

Although the government has stated in policy that it will revive the dormant projects, whether such an objective will be achieved is not clear at the moment. So far, the government has almost unsuccessfully tried to revive such projects as Mountex and Uplands, which have continued to ail despite the additional funds pumped into them. Analysts believe that the dormant projects can only resurrect if the problems facing them are critically evaluated and effectively tackled. ■

CALL FOR RESIGNATION OF SUPREME COURT CRITICIZED

Monrovia DAILY OBSERVER in English 16 Jun 87 p 3

[Text]

**Former Solicitor-General of Liberia, J. Lavell Supuwood, has described as "unfortunate and unconstitutional" the recent move by the Executive Mansion to ask for the resignation of the Supreme Court bench.**

Speaking yesterday night at a party marking the 23rd birth anniversary of a staff reporter of the Daily Star, Mr. Tana Wolokollie, held in Barnersville, Counsellor Supuwood said: "Under the doctrine of Separation of Powers, among the Executive, Judiciary and the Legislature, a member of the Judiciary may be removed only by a joint action by the House of Representatives and the Senate, and even in this situation, they must comply with Article 71."

Chapter 8, Article 71 states: "The Chief Justice and the Associate Justices of the Supreme Court and the Judges of subordinate courts of record shall hold office during good behavior. They may be removed upon impeachment and conviction by the Legislature based on proved misconduct, gross breach of duty,

inability to perform the functions of their office, or conviction in a court of law for treason, bribery or other infamous crimes."

Counsellor Supuwood went on, "In the absence of this constitutional clause, the president is without authority to replace a judge or associate justice of the Supreme Court."

He said if this action is allowed to stand, "It will lay a dangerous premise for the future of democracy in this country — in that it has a tendency to surrender the Judiciary to the Executive authority".

The Counsellor also asserted that although the role of the Judiciary had always been questionable, when it comes to rendering justice, it must be done without mockery being made of the Judicial system.

He then retrospected with reference to his and two other lawyers' suspension from the practice of law, which he termed as "A decision taken without merit," adding, "You see, rat trap is not for rat alone."

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CSO: 3400/399

COMMISSION CALLS FOR POPULATION MEASURES BY GOVERNMENT

Monrovia NEW LIBERIAN in English 8 Jun 87 p 2

[Article by H. Dave Barrolle]

[Text]

The National Population Commission of Liberia has appealed to the Government of Liberia to incorporate into its national policies the results of a one-year demographic research as a means of improving the economy and the standard of living of the Liberian people for the next half century.

The four-man Task Force of the NPC who presented the results of the studies on fertility and reproduction during a NPC sponsored seminar held at the Monrovia City Hall recently, also recommended, among other things, the adoption of strategies designed to regulate fertility and reproduction in such a way that the population growth will correspond with the social and economic growth of the

nation.

With a population of 2.12 million, a growth rate of 3.4 per cent, and fertility rate of 6.7 per cent per female, demographic experts predict that the population of Liberia is likely to increase to 4 million by the year 2,000, noting that this would give rise to population pressurization and its related adverse consequences of inadequate supplies of food, drugs, and housing.

In this regard, the NPC has recommended that Government promote and encourage higher education for women, noting that the highly educated the woman is, the better is her perception of the virtues of life, such as a sound profession, the dignity of labour and a knowledge of contraception

and its services, and hence, the fewer number of children she is likely to bear.

The NPC further recommended that government make women more independent by creating more job opportunities for them in order to discourage them from having many children with different fathers mainly to increase their income generation from the many fathers.

Government was also urged to review the current statutes concerning children born out of wed-lock who, according to the Task Force, do not have equal social rights and status vis-a-vis those born in wed-lock. The NPC noted that if these children are not given the legal and social equality they

deserve, their future and quality of life will be affected adversely, thereby contributing to social problems.

The proposed strategies further called for the implementation of effective fertility regulatory measures such as the prevention of unwanted pregnancies through the use of artificial and natural contraception and sterilization methods, but added that precaution should be taken to note the age of the couple and the number of children.

According to the strategies, Liberia's adolescent fertility is one of the highest in the world, accounting for 17 per cent of the country's births.

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CSO: 3400/399

LIBERIA

LAP REBUTS CHARGE OF ANGOVERNMENT ACTIVITIES

Monrovia DAILY OBSERVER in English 10 Jun 87 p 1

[Article by John Tucker]

[Excerpt]

**The executive committee of the Liberia Action Party (LAP) and the Cape Mount University Students Association (CAMUSA) have chided Cape Mount Superintendent Henry Konuwa for recent statements in which he accused some people of engaging in "underground maneuvers" against the government.**

Supt. Konuwa in a letter of complaint to the ruling National Democratic Party of Liberia (NDPL) recently, alleged that 11 persons, working in the county, were engaged in activities intended to off-set the NDPL and perhaps the Government in support of the opposition.

The Superintendent noted that the 11 persons were having the backing of some "advisors, planners and designers", including the National Chairman of LAP, Counsellor Emmanuel Koroma, who were involved in clandestine activities in the county.

Supt. Konuwa observed that the objective of the opposition was to have control over the Liberia-Sierra Leone

border and the Atlantic beach which could be used as entries to penetrate in time of any invasion. Cape Mount County is situated near the border.

But in reacting to the allegations, LAP said that the "party does not subscribe to or engage in secret operations", while the students from Cape Mount observed that Superintendent Konuwa was not handling the administration of the county effectively.

LAP, in a press release signed by its secretary general, noted that "the callous accusations of the Superintendent are, therefore, baseless and border on sheer sycophancy and ignorance of the fundamental rudiments of pluralistic politics".

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CSO: 3400/399

EDITORIAL PRAISES GOVERNMENT ECONOMIC MEASURES

Monrovia NEW LIBERIAN in English 26 Jun 87 p 6

[Editorial]

[Text]

THE PRESIDENT AND HIS CABINET who have for the past two days been toiling behind closed doors in the cabinet room at the Executive Mansion, deserve a pat on the back for the bold but necessary decisions announced last night from their meeting.

WHILE IT WOULD be simplistic to expect that the nation's economic problems will disappear overnight as a result of the new decisions, a close analysis of the new measures certainly creates room for optimism about the future of the Liberian economy once the new measures get the required public support.

THE MEASURES, WHICH INCLUDE the formation of 14 Standing Committees that will think up additional methods for improving the economy, are significant steps towards the speedy revitalization of the nation.

THE FACT THAT PRESIDENT DOE has suspended his scheduled foreign travel and that of all cabinet ministers is a clear indication of the importance the Liberian Leader attaches to the nation's recovery.

EQUALLY, PRESIDENT DOE's DECISION to personally head a new committee set up to ensure the payment of overdue government employees salaries testifies to the ever growing concern to provide pleasant working conditions for the civil servants of this country.

WITH THE NECESSARY PUBLIC SUPPORT, there can be no doubt that the new measures will go a long way in bringing relief to the present economic crisis.

THE GOVERNMENT MUST BE COMMENDED for liberalizing trade and breaking up monopolies in order to encourage competition, as healthy competition could result in such benefits as reduction in prices of goods and services for the common man.

THE REDUCTION OF SURCHARGES on imports will also go a long way in boosting government revenue as it will encourage the use of our transhipment services which were in the past good revenue sources.

WE BELIEVE THAT THESE MEASURES will yield positive results, especially coming at a time when we have the service of 17 U.S. financial experts who will be working along with government to resurrect the economy.

WE FIRMLY HOPE THAT members of the various committees will apply themselves diligently to their assigned tasks by coming out with proposals that will be of maximum benefit. However, we would like to propose that some of the committees be expanded to include the ministers or directors of key operational areas so that the committees can draw on their expertise.

WE SINCERELY HOPE THAT those committees that have been set up in key financial areas of government's revenue generation, such as Roberts International Airport and Freeport customs as well as real estate, will work tirelessly and vigilantly to ensure that corruption, the worst enemy of our society today will be curbed.

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CSO: 3400/399

## MAURITIUS

### CONSTRUCTION MATERIAL SHORTAGE

Port Louis L'EXPRESS in French 2 Jun 87 pp 1, 3

[Article: "Several Construction Yards Face Materials Shortage"]

[Text] A serious shortage of sand, macadam, gravel and sandstone has been hampering public and private sector construction projects for some time. The Ministry of Housing says the problem has been brought about by a steep increase in demand for construction materials, owing to renewed growth in the building industry and major infrastructural projects, including roads.

The ministry also says it is important not to damage the environment while extracting sand from the quarries in the interior of the country and at the bottom of lagoons.

Currently the sand is extracted from the sea manually, by means that are not harmful to the environment, according to sources in the ministry.

The housing ministry is awaiting a report from a French expert, Dr R. E. Quelennec, who has come to Mauritius at the request of the government to study the problems caused by extraction of the sand and coral and to advise the government on the policy to pursue and studies to be carried out to preserve the coastal region and the lagoons.

Dr Quelennec's services have been made available to the Mauritian Government by the United Nations Environmental Program (UNPD).

The expert has already made one survey of the coastal region. His recommendations will provide a basis for the rationalization of sand and coral exploitation.

Some sources attribute the shortage of construction materials to the big rains which made it impossible for some crushing mills to meet their regular schedules for delivery of some supplies such as macadam.

The same sources insist that the problem is not the cost of the sand but the cost of transport, which has gone up considerably, the price of sand at point of origin (the quarries) being fixed at 15 rupees per ton, unwashed and unfiltered.

### Increase in Sand Consumption

With the economic recovery of the last three years, building construction for residential, industrial and commercial purposes and improvements to the road network and other major projects have entailed an increase in the consumption of sand and other construction materials.

Estimates indicate that annual consumption of sand is between 400,000 and 500,000 tons, but sandstone can be used in building construction and is being so used at the present time.

### 100,000 Tons Taken Out of the Lagoons

About 100,000 tons (overall estimate) is taken out of the lagoons each year. This type of extraction takes place offshore at Roches Noires, Poste de Flacq, Grande Riviere Sud and Mahebourg. The quarries on land are at Wolmar, St Felix and Riambel.

Also, some 7,000 to 8,000 tons of lime are used by the sugar industry each year. The lime kilns are located at Ville Noire, Beau Champ, Riviere du Rempart, Baie du Tombeau, Roche Bois and Grande Riviere Nord Ouest. The EXPRESS understands that the workyards of the Development Works Corporation and the Central Housing Authority are affected by the shortage of sand and other construction material. For example, work on building the new GRNO prison and the offices of the Small Industries Development Organization (SIDO) at Coromandel has been delayed somewhat. Those two contracts were awarded to the DWC.

Top-level CHA officials have even reportedly negotiated directly with a crushing mill in order to obtain certain construction materials. We are being affected, but we are trying to find a solution, said one high-level official of that para-statal body to the EXPRESS.

9516

CSO: 3419/280

## MAURITIUS

### TEA SECTOR PRICE STABILIZATION SCHEME

Port Louis L'EXPRESS in French 11 Jun 87 pp 1, 6

[Article: "Dullo Announces Establishment of Price Stabilization Scheme"]

[Text] "A price stabilizing scheme will be established soon for the tea sector, and steps will be taken with regard to fertilizers at the same time."

These were the words yesterday of Agriculture Minister Madun Dulloo, who was speaking to the planters and workers of La Chartreuse.

A short time previously he visited the new tea processing plant currently under construction at La Pipe, Midlands. The installation, which will be partially operational by December, is being built at a cost of 63.8 rupees.

#### Difficult to Abandon

Speaking to the workers and representatives of the small-holders' federation, Mr Dulloo said that soon he will meet with the tea workers' representatives to discuss various important matters.

He added: "Zotte bizin donne nous satisfaction, nous qualite du the pe chute, li important nous vinne dans grade low-medium."

The minister disclosed that on several occasions in the past foreign experts have advised the government to abandon tea cultivation. But this is not an easy thing to do, he said, because one must consider the social and human costs.

#### A Step Forward

He added that good marketing is the ideal solution to the crisis in the sector.

He also said that with the government's help the TDA has repaid 400 million out of a debt totaling 600 million rupees. For his part, Mr Topsec, the representative of the small-holders' federation, said that some planters will end up with earnings of 500-600 rupees at the end of this month, an amount he

said is insufficient. He availed himself of the opportunity to ask that these planters be given an advance.

The president of Teafac, Mr Sunil Banymandhub, said that problems having to do with processing capacity will be solved with the upcoming expansion of the Midlands plant. He also said that the tea harvest this year might reach 34 or 35 million kilograms, which will make it the second largest yield in tea industry history.

Earlier Mr Dulloo visited the La Pipe tea processing plant, work on which is nearly completed.

That plant covers an area of 50,000 square feet. The facility will be able to process two million kilograms of tea per year, or 1,250 kilograms per hour. In all, the facility will employ 200 people. The plant will be partially operational on a round-the-clock basis beginning in December. It will not be fully operational until early 1988.

9516

CSO: 3419/280

#### COMPLAINTS AGAINST MARKETING BOARD

Port Louis L'EXPRESS in French 13 Jun 87 pp 1, 7

[Article: "Complaints Mounting Among Importers"]

[Text] Complaints against the Agricultural Marketing Board (AMB) have surfaced among a majority of importers of saffron, dry peppers and French beans in the month that has elapsed since the Association of Mauritian Consumers termed its management "incredible." What they are complaining about is the non-renewal of their import licenses.

Meeting at the headquarters of the Association of Mauritian Importers (AIM) yesterday, the importers of these commodities showed their dissatisfaction in a statement about what they described as the "underhanded practices of the AMB."

Two years ago, explained Mr E. Ebrahim, the chairman of AIM, the marketing board itself began to import more and more of the commodities in question.

According to the importers, AMB's importations have so far led only to inflation in the price of saffron, dry peppers and French beans--thus hurting the consumer.

With statistics at hand, Mr Ebrahim maintained that if his association had been allowed to continue importing those commodities, they would currently be offered at prices lower than those currently offered by the AMB.

The importers' cost for saffron, to take one example, comes to about 6 rupees per half-kilo. On retail shelves, according to Mr Ebrahim, the saffron would be sold at 8 or 9 rupees per half-kilo. But the retail price of a half-kilo imported by AMB runs near 20 rupees.

With regard to the marketing board's policy, which is based on encouraging local production, the importers say they are quite willing to buy those commodities locally.

However, since the quantity of those commodities produced on Mauritius is clearly below the amount consumed locally, AIM itself wants to import the remainder.

Sixty tons of saffron are produced locally in an average year, while 125 tons are consumed.

It may be the general policy of the Ministry of Finance to preach liberalization, but the importers saffron and other such commodities are asking why the government is taking no action to liberalize the importation of these goods.

9516  
CSO: 3419/280

MAURITIUS

BRIEFS

POTATOES AGAIN AVAILABLE--Law-abiding citizens stood in line throughout the day yesterday at the headquarters of the Agricultural Marketing Board at Moka in order to buy two kilograms of potatoes, a commodity which has become very hard to find in recent weeks. Some 2,000 2-kilogram sacks of this starchy food were sold yesterday. The better to facilitate sale of the potatoes, the marketing board packaged them in sacks before sending them to the counter at Moka. The marketing board received strict instructions to market the commodity in such a way as to cause the consumer the fewest problems, the black market in particular. [Text] [Port Louis L'EXPRESS in French 2 Jun 87 p 7] 9516

CSO: 3419/280

NAMIBIA

FRG MP DESCRIBES POLICE ACTION AT SWAPO RALLY

MB271952 Johannesburg SAPA in English 0950 GMT 27 Jul 87

[Text] Windhoek, 27 Jul (SAPA)--Police yesterday used rubber bullets to break up a group of SWAPO "police" at a legal SWAPO rally in Arandis near Swakopmund, according to Chief Inspector Kerie du Rand of the South West African police.

He said in Windhoek today eight people were arrested during the incident. He could not confirm reports that three people were injured.

He denied an accusation by a West German parliamentarian, Miss Ushi Eid, that a South African counter-insurgency unit, Koevoet, was responsible for the raid.

"A task force from the SWA police broke the ranks of SWAPO 'police' who were armed with various weapons. Rubber bullets were fired, but to my knowledge nobody was injured," he said,

Miss Eid, who represents the Greens Party in the German Bundestag and is responsible for the party's southern African affairs, claimed the police had fired without warning.

"They simply started shooting without giving a warning. These rubber bullets were flying around my head and I thought I wouldn't leave that place alive."

Miss Eid, who is in SWA on a two-week fact-finding mission, was refused entry into South Africa two weeks ago.

She said one of the people injured was hit on the temple by a rubber bullet and another was beaten with knobkerries after he tried to assist a friend. The injured were taken to a local mine hospital.

"It was a legal meeting approved by the authorities in Windhoek," he said. "This shows that the interim government has no say in Namibia--it is the South Africans who are dictating what is going on in Namibia."

Miss Eid said she was refused entry into South Africa two weeks ago despite carrying a diplomatic passport. Two of her staff members were refused visas.

She said it was the first time that a member of the German Government had been denied entry to South Africa, and that this was against the trend of German-South Africa relations.

Miss Eid was a member of the submarine inquiry committee and was planning to investigate reports that a German firm had sold plans for the manufacture of a submarine to the Durban-based company, Sandok Austral.

She said she had been told by top German officials that this was the reason for the South Africa Government's refusal to let her into the country.

/9274  
CSO: 3400/198

NAMIBIA

SWATF REJECTS ACCUSATIONS ON CIVILIAN DEATHS

MB221941 Johannesburg SAPA in English 1919 GMT 22 Jul 87

[Text] Windhoek, 22 Jul (SAPA)--The South West African Territorial Forces have denied allegations that security forces have killed more civilians than SWAPO terrorists in the operational area in the last three months.

The chief of staff of the Territorial Forces, Brigadier Piet van Vuuren, was reacting in a SWABC radio news interview to recent allegations. He said that because the bush war was being fought in an area in which people lived, it did affect the population. For this reason it could sometimes happen that civilians would die in incidents which could be ascribed to the war. However, Brig van Vuuren gave the assurance that such cases were avoided as far as possible by the security forces.

According to him, 111 SWAPO terrorists were wiped out in various clashes in the operational area in the last three months, as against 33 civilians who had died in war-related incidents during this period. Twelve citizens were murdered by terrorists in the three months, seven had died in land mine explosions, and seven more had died after picking up enemy ammunition in the veld. Security forces also found the body of a civilian in the veld.

Brig van Vuuren said only one civilian was shot dead during this period, when security forces fired at a suspect after a warning.

He emphasised that no misdeeds were tolerated by security forces, and that the courts usually acted against anybody guilty of such offences. He added that the same could not be said of SWAPO.

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CSO: 3400/198

NAMIBIA

DRAFT CONSTITUTION INTRODUCED IN ASSEMBLY

MB310716 Johannesburg Domestic Service in English 0500 GMT 31 Jul 87

[Text] A draft constitution accepted by the Constitutional Council by a two-thirds majority has been tabled in the National Assembly in Windhoek. A constitutional proposal by the National Party of South-west Africa and submitted to the cabinet, was also tabled in the National Assembly. The South-west Africa Broadcasting Corporation reports that a three-tier government has been proposed in the draft constitution. The first tier provides for a state president with the prime minister and cabinet as an executive authority, together with the legislative authority comprising a senate and a national assembly. The second-tier provides for eight regional councils and the third-tier for municipalities. The National Party of South-west Africa has proposed that half of the 72 members of the National Assembly should be chosen in a general election and that the other half should be nominated by group councils representing the 11 population groups.

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CSO: 3400/198

SENEGAL

ADB LOAN AGREEMENTS

Dakar LE SOLEIL in French 14, 15 Feb 87 p 5

[Text] On Friday, 13 February 1987, at 16.00 hours, Moussa Toure, state secretary at the Ministry of Economy and Finance of Senegal, and Babacar Ndiaye, president of the ADB [African Development Bank], proceeded to sign the four financial agreements involving a total of 33,380,000 units of account (UA's), the equivalent of about 13,019 billion CFA francs.

The first agreement involves an amount of 11.12 million UA's (around 4,336 billion CFA francs) and is intended to finance the project "national plan for the improvement of the maintenance of the telecommunication system." The objective of this project is the rehabilitation of the existing telecommunication system and the provision for SONATEL of the money needed to ensure the maintenance of the system and improve the quality of services. SONATEL installations will then be more profitable and earn more revenues.

The second financial agreement deals with the project of the "recovery of the electricity sector." It aims to strengthen the present capital equipment by two electric groups and also increase the human and material management resources of SENELEC. This will also enable the output of the Cap de Biches power plant to be raised by reducing breakdowns and improving productivity. The amount involved in this agreement is 10.34 million UA's, that is about 4,032 billion CFA francs.

The third loan of 6.92 million UA's--about 2,699 billion CFA francs, is earmarked for the project "urban and rural electrification" and involves the electrification of four rural centers in the districts of Thies, Kaolack and Louga as well as the new city districts of Ziguinchor.

The fourth loan agreement, amounting to 5 million UA's (1,950 billion CFA francs), is intended to finance the project of the "development of elementary schools." The money will be provided by the special fund of Nigeria and permit the restoration of 100 class rooms and the construction and equipment of the INEADE [National Institute of Study and Action for Development] building.

The international aid thereby put at the disposal of Senegal by the ABD group amounts to 156,860 UA's, the equivalent of 56,465 billion CFA francs (at the

present rate of exchange of ABD and ADF [African Development Fund] units of account).

The signature of these loan agreements once more demonstrates ADB's profound interest in encouraging the efforts of the Senegalese Government with regard to the development of its economy.

11698

CSO: 3419/82

SENEGAL

LOCAL PS UNION ON SEPARATISTS, STUDENT STRIKE

Dakar LE SOLEIL in French 17 Feb 87 p 13

[Article by A. Barry and Moussa Sadio: "Attitude of Separatists Denounced"]

[Text] Pascal Kotimagne Manga has succeeded Landing Sane as head of the PS [Socialist Party] regional federation at Ziguichor, where the separatist issue is no longer a forbidden topic. Both denounced the attitude of the separatists.

At Ziguinchor this weekend, Pascal Kotimagne Manga, the new secretary general of the PS regional federation of Ziguinchor, said: "This separatist business is sad and regrettable at one and the same time." In the course of a PS meeting that elected Manga secretary general in place of Landing Sane, the PS leaders denounced the attitude of the separatists. For Landing Sane, "Senegal being one and indivisible, it is imperative to be firm with the relatives (ours) and make them understand that independence for the Diolas is unthinkable and impossible in our country." Robert Sagna, mayor of Ziguichor, for his part figured that "we must at fight this movement--whatever the cost." He stressed that "the idea of independence is illusory, naive, absurd, unrealistic and antiprogressive."

The PS regional federation of Ziguinchor wishes for information to be provided at all levels and for meetings to be held to expose the absurd attitude of the separatists. The federation considers that this issue should not longer be a forbidden topic. On the contrary, it must be discussed in order to denounce it. The leaders of the PS bodies therefore embarked on a tour of all the departments. After Oussouye and Ziguinchor, they will next visit Bignona. The PS leaders also intend to consult with the administrative and military authorities in the region to help lower tension at the village level.

With regard to the school problem, another topic discussed, Robert Sagna recalled the recommendations of the last political bureau meeting. He said that it is important to make party militants understand that the strike of school and college students has turned into a political movement because it is backed by some political parties.

The regional federation called for vigilance and exhorted the parents of students to attend to their responsibilities by taking their children to

school. He also desired consultations to take place at Ziguinchor between the political leaders, parents of students, the administrative and academic authorities with a view to effectively resuming courses of instructions in all scholastic establishments of the region.

Incidentally, while passing the torch to Pascal Kotimagne Manga, Landing Sane called on his successor to continue to pursue the efforts begun toward the triumph of the PS. Manga, for his part, expects all party organizations to ensure that the PS retains the majority in the region.

Let us also note that Jidith Diagne d'Oussouye was elected president of the regional federation of women, Jerome Manga head of young people of Madeleine Diatta for the girls [as published].

11698

CSO: 3419/82

SENEGAL

MINUTES OF GOVERNMENT-STUDENTS NEGOTIATIONS

Dakar LE SOLEIL in French 26 Feb 87 p 6

[Text] On 21 February 1987 an important meeting was held in the conference room of the Ministry of National Education between a government delegation led by the Minister of National Education and a delegation of the joint student body of Dakar.

The following trade unions were represented at this meeting (in alphabetical order):

1. Independent Union of Secondary Teachers (SAES),
2. National Association of Catholic Instruction in Senegal (SNECS)
3. National Association of Elementary Education (SNEEL),
4. National Union of Arab Language Teachers in Senegal (SNELAS),
5. National Association of Private Lay Education in Senegal (SNEPLAS),
6. Union of Workers in Scholastic and University Establishments (STESU),
7. Sole and Democratic Union of Teachers in Senegal (SUDES),
8. Sole Union of Health and Social Welfare Workers (SUTSAS), and
9. Union of Professors in Senegal (SYPROS),

as well as the following organizations:

1. Association of Retired Teachers in Senegal (AERS),
2. Committee for Consideration of and Support for the New School (CORSEN),
3. National Directorate of Private Catholic Education (DINEC),
4. National Federation of Parents of Senegalese Students (FNAFES),
5. Independent Movement of Associations of Parents of Cap Verde Students (MAAPECV), and
6. National Union of Private Lay Schools in Senegal (UNEPLAS).

The meeting started at 11:00 hours on 21 February 1987 and continued until 01:30 hours on 22 February 1987; the agenda included eight items, drawn up by the joint student body of Dakar.

It should be underlined that the joint student body of Dakar raised the issue of holding a general reporting session, and that this was entered as a ninth item on the agenda.

The two delegations reviewed the issues in a spirit of cordiality, calm and mutual respect.

The result of these negotiations was as follows:

I. The issue of the withdrawal by the police from the University of Dakar and scholastic establishments:

It was evident during the exchange of views between the two delegations that there was no disagreement on the principle of the police withdrawal from the University and scholastic establishments. However, the points of view of the two delegations were at odds with regard to the date and mode of this withdrawal.

II. Light Shed on the Disappeared:

To throw light on this important issue and once and for all clarify it for Senegalese public opinion, the two delegations agreed :

1. On the establishment of a committee authorized to definitely clear up this problem;
2. This committee is to be composed of representatives from the government, the united student body of Dakar and all organizations present at the meeting.
3. The student delegation will submit to this committee all the information it has;
4. The committee will enjoy total freedom of initiative, thought and action;
5. The report of the committee will be made public so that Senegalese public opinion will be able to appreciate the validity or otherwise of the disappearances that were announced at one time and to draw the appropriate conclusions therefrom.

III. The Departure of the Director of COUD [not further identified]:

Considering their standpoints irreconcilable, the two delegations have noted that no agreement was achieved on this point, and that significant differences were dividing them.

IV. The public commitment of the authorities to definitely respect academic freedom:

By this item the united student body of Dakar let it be known that it wished for reconsideration of the regulations with respect to academic freedom at the University of Dakar.

Having presented the current texts and recalled academic traditions at Dakar University in particular, the government delegation pointed out that, in the

present circumstances, the government had in no way offended against the said traditions.

The government delegation nevertheless affirmed that it did not see any basic objection to a review of the issue of academic freedoms where they applied, and of the duties and obligations arising therefrom for the academic community, in other words the community of professors, scholars and students.

However, the conclusions of such studies would not be predetermined. The main lines of eventual decisions may be compiled in the course this review and submitted for appraisal to the University assembly on the one hand and the Government of Senegal on the other.

V. Taking responsibility for all wounded, compensation for students who suffered material or physical damage, identification of those responsible for the events of 22 January 1987:

This fifth item actually involves three issues:

1. The acceptance of responsibility for the wounded:

a) All those wounded in the course of the events of 22 January 1987 have been or will be cared for, irrespective of the measures decreed on 18 February 1987,

b) Special arrangements will be made to allow these same wounded to continue to benefit from all the services offered by the COUD medical services.

2. Regarding compensation:

a) The judicial proceedings already begun will continue;

b) Enactment of special measures for the benefit of students who suffered damages likely to compromise the normal pursuit of their academic studies (courses, scientific materials, and so on);

c) Settlement of specific issues presented by the students and accepted by the government;

d) The possible speed-up by the students of proceedings aimed at the rapid handling of the documents by the judiciary;

3. Identification of those responsible for the events of 22 January 1987:

a) The appointment of a government general inspector to handle this identification,

b) No definite agreement was reached on the question whether this general inspector should or should not be assisted by third persons.

VI. Improvement of the conditions for the restoration of the university cafeterias and the departure of the catering director:

Following an exchange of views about this issue, it was decided that

1. Work on the restaurant with 3,000 seats will begin no later than 10 March 1987;
2. A special committee--to include student members--will be set up and be responsible for supervising the quality of menus and working out a weekly menu.
3. A COUD physician will be responsible for verifying the quality of the meals as well as the hygienic condition of the cafeteria;
4. The opening hours of the restaurant will be 06:30 hours, 11:00 hours and 19:00 hours;
5. Appropriate measures will be adopted to as far as possible avoid stock losses.

With respect to the case of the COUD agent whose departure was demanded, the united student body noted the decisions taken and the answers presented by the government delegation to justify said decisions.

VII. The complete rebuilding of pavilion A (pavilion 1 May) and replacement of the worn-out installations in the other pavilions:

The two delegations unanimously decided that everything needed to be done to change the worn-out installations in the pavilions.

Therefore:

1. Repairs to pavilion A will begin on 21 March 1987 at the latest and will be carried out by a platoon of army engineers;
2. The worn-out materials of the Spanish pavilion will be replaced when construction of the cafeteria for 3,000 persons is carried out;
3. Every effort will be made to furnish the pavilions with water pumps and other equipment.

However, this will not stop the water cut-offs affecting the area of Fann and Mermoz, to which all Senegalese are subject without exception.

VIII. Regular attention to hygiene and health matters:

It was unanimously decided that the committee dealing with this issue (and of which the director of COUD or his representative as well as students will be members) will meet to define the nature and extent of the action to be taken and the measures to be adopted to make sure it is carried out.

IX. General assembly on Tuesday, 24 February 1987:

The student delegation asked for authorization to hold a general assembly in order to report to the rank and file.

The government let them know that, judging from previous general assemblies, this proposal did not appear likely to facilitate the settlement of the crisis, and it therefore could not grant the request.

Negotiations thereupon came to a halt.

The day of Monday, 23 February 1987:

The social partners decided in the course of Monday, 23 February 1987, to establish contacts with the government and the students in order to propose a solution, the details of which were finally accepted and made public in the communique broadcast Monday evening and Tuesday morning.

Dakar, 24 February 1987

On behalf of the Government of Senegal, the Minister of National Education:  
Prof Iba Der Thiam

On behalf of the student body of Dakar:

On behalf of the social partners:

11698  
CSO: 3419/82

SENEGAL

WORKERS DEMONSTRATE AGAINST LABOR CODE REVISION

AB242242 Paris AFP in French 2026 GMT 24 Jul 87

[Text] Dakar, 24 Jul (AFP)--Hundreds of workers and trade unionists, including members of the National Confederation of Senegalese Workers (CNTS) the largest central trade union affiliated with the ruling Socialist Party], demonstrated noisily this afternoon in the streets of Dakar against a draft bill on the revision of the country's labor code.

The demonstrators, who gathered early in afternoon near the National Assembly where the government's draft bill was being examined by a committee, took to the streets to demonstrate their joy after learning that the initial text proposed by the government had been amended.

The amendment submitted by the CNTS states notably that "no worker can sign with the same enterprise two contracts with a definite duration, nor renew more than once a contract with a definite duration."

The draft bill on the revision of the labor code should be presented to the National Assembly in a plenary session on 29 July, it was learned from a good source in Dakar. These reforms were prescribed by the IMF and the World Bank as part of the ongoing recovery program in Senegal.

Trade union sources claimed that the initial draft bill would have allowed the unlimited use of fixed-length work contracts, and the consequent flexibility of salaries and employment would have resulted in the unlimited and abusive dismissal of employees within enterprises.

/9274  
CSO: 3400/198

SENEGAL

BRIEFS

PROGRESS ON DAMS, CANAL--Two dams were to be constructed on the Senegal River by the OMVS [Senegal River Development Organization]. The first, at Diama, is completed and has already shown itself useful last winter by making available sweet water to counteract the water from the ocean. The second dam at Manantali will be completed in June 1988. The dams will cost almost 2,240 billion CFA francs, and Senegal is assuming approximately 46 percent of the costs. Let us remember that, in addition to holding up salt water, the dams will permit irrigation of 240,000 hectares of Senegalese land, the production of hydroelectric power at a very reasonable price and in large volume, make the river navigable on almost 950 km and serve to provide drinking water to the riparian population. Still within the purview of the dams, the Cayor canal is surely the project of the greatest interest to Dakar residents and residents of the Louga, Diourbel and Thies districts, to the extent that it will provide irrigation for a total of 8,350 hectares on a stretch of 200 km, allow filling up the prehistoric aquifers of the Thies district, yield water for Dakar and permit reafforestation of the regions it crosses. The feasibility study for this major project has been proceeding since 1 September 1986. A preliminary feasibility study carried out by the engineers of the Ministry of Water Resources has made it possible to determine the cost of the operation--85 billion CFA francs. When the canal will be in operation, Dakar will not suffer any water shortage before 2020 or 2030. It has been stated that the schedule of valley development anticipates the irrigation of 50,000 hectares alongside the river in the first stage of the project. Also anticipated is a hydroelectric power plant at Manantali and structures designed to make the river navigable. [Text] [Dakar LE SOLEIL in French 18 Feb 87 p 3] 11698

MAURITANIAN EXTRADITION REQUEST ISSUE--According to APS [Senegalese Press Agency] (and contrary to the AFP cable, published in LE SOLEIL on 27 February 1987, p 18), a communique from the press service at the Senegalese Ministry of Justice says that the Senegalese judicial authorities were properly advised of the request for extradition of the Mauritanian citizen Hachem Ouid Moulaye Ahmed in accordance with the judicial convention between Senegal and Mauritania that explicitly provides for the extradition request to be directly addressed to the public prosecutor at the court of appeal of the respective country. The communique notes further that it is also incorrect to say that the arrest of Hachem Ouid Moulaye Ahmed was "irregular," because the

convention provides for temporary arrest while awaiting receipt of the official documents that will permit intervention by the Court of Criminal Appeal. Finally, the communique says, it has been wrong to assert that "Hachem cannot be extradited any more because the verdict by the Court of Appeal is final." In short, Senegalese law explicitly provides for recourse against the Court of Appeal verdict in extradition affairs. The communique by the press service of the Ministry of Justice concludes by saying that, as the delays involved in recourse have a suspensive effect, it was not correct to write that Hachem was "free" immediately after the verdict of the Court of Appeal. [Text] [Dakar LE SOLEIL in French 4 Mar 87 p 12] 11698

THREE FRENCH LOANS--Dakar, 28 Jul (APS-SEN/PANA)--France and Senegal yesterday signed three loan agreements in Dakar totaling 2,050 billion CFA francs. The first loan, amounting to 1.3 billion CFA francs, is to be used in financing the second phase of the program for the eradication of nematodes (earth worms) in the peanut growing basin. The CCCE [Central Fund for Economic Cooperation] will also provide 250 million CFA francs for the preliminary studies in the rural areas through the sectorial programs for the implementation of the new agricultural policy. Finally, the third loan is aimed at providing the best conditions possible for Senegalese nationals working in France who are willing to return home. This loan amounts to 500 million CFA francs. Out of this amount, 432 million CFA francs has been deposited with the SONABANQUE, (a local bank). The balance has been transferred for the operation of a welfare and orientation bureau as well as for a rehabilitation project which has already benefited from a CCCE financing in 1983 with the realization of 10 projects. [Excerpt] [Dakar PANA in French 1214 GMT 28 Jul 87 AB] /9274

CSO: 3400/198

## PROFESSOR SUGGESTS APPROACH TO FRONT LINE STATES RELATIONS

Johannesburg FINANCIAL MAIL in English 10 Jul 87 p 46

[Article by Peter Vale, professor, director of the Institute of Social and Economic Research at Rhodes University]

[Text]

The election is gone, but its spirit lingers on. The mood of those who run SA's relations with its neighbours regularly confirms this observation. Day after day, week upon week, Magnus Malan and Pik Botha berate these countries, criticise their political systems and — in tones more suited to the barrack, than the boardroom — chastise their leaders.

In the circumstances of the election it was understandable; now, it's a dangerous game. The tough talk endorses the overwhelming conviction — both in the frontline states and in the wider international community — that the smoking gun points to Pretoria. As Chester Crocker's recent testimony to Congress indicated, few believe that SA does not destabilise its neighbours. The bellicosity also underscores a growing belief that, apart from exporting its domestic crisis, SA has no intention of settling the Namibian impasse.

Interstate relations at the regional level are always fragile. In southern Africa this is aggravated by the domination of a single state, SA, which is at serious political odds with its regional partners. Considerable trauma is added to this unhappiness by the region's dependence on SA's economy.

There is no hiding the deep-seated political difference between SA and the region's majority-ruled states. It arises from two interpretations of recent African history, and two contrasting views of what's in store for this region.

White South Africans believe that the frontline states (and the Soviets) are bent on driving them into the sea. Our regional kinsmen believe that all whites are unrepentant

racists bent on the total, absolute humiliation of all blacks forever. Both sides perpetuate these distortions by seeing things in absolute black and white terms, as it were.

SA evidently believes that its primary security interests are best served by keeping these states endemically weak, so that they can offer no support to the external wing of the ANC. For their part, the frontline states have a commitment to the destruction of minority white rule. The conflict is inevitable.

What's to be done? One option is to continue on the present track and have regional relations slide into further chaos. The result is increasingly porous borders with continued, costly tit-for-tat behaviour from both sides. However, unlike isolated SA, the frontline states are able to strengthen their respective arsenals. Indeed, this is already under way with the sale of British small arms to Mozambique, the installation of an early-warning system in Botswana and Zimbabwean Prime Minister Robert Mugabe's reported purchase of 14 MiG 29 interceptors.

Over time, such hardware will increase their military confidence to a point where, outraged by Pretoria's continued destabilisation, a regional war erupts with tragic consequences.

A second option is the cosmetic job. As Nkomati's dismal record shows, this is no solution. The accord papered over deep differences between Pretoria and Maputo. Understandably, this solution is favoured by those in Pretoria accustomed to reaching for the trigger. Accords like this enable them to

both involve themselves formally with these states and at the same time to carry on covert involvement in dissident groups. Formal involvement means they can try to control the course of political events in neighbouring states, especially the scope of the links between these neighbours and the ANC. But — and Nkomati proves the point — the weaker states in the partnership have no guarantee that the stronger won't cheat. When cheating is revealed, confidence in this type of arrangement goes out the window.

Nkomati's total impact, as the brouhaha over the Machel aircrash demonstrates, has been to deepen the anguish between the two. As worrying is the exposed position of the Chissano government and the growing commitment of the Harare government to Mozambique's defence.

In southern Africa, another option — confidence building — is, as yet, untried. Confidence building has the two sides of a divide involved in semi-formal, on-going forums which can instantly open communications in times of crisis, or in settling disputes. The best example of the former is the so-called "hotline" between Washington and Moscow installed after the 1963 Cuban missile crisis. There is no practical reason why this cannot be repeated in southern Africa. Settlement of disputes can best come by building confidence, as shown in central Europe throughout the Seventies when Nato and the Warsaw Pact were extensively involved in talks on troop reductions, troop locations and the like.

#### **Basic idea**

This model may be difficult to replicate in southern Africa, because of the lack of formal diplomatic recognition, but some interesting permutations of the basic idea suggest themselves. For example, with the consent of all the parties, a group of arbitrators could become involved in settling disputes between SA and its neighbours. It is surely possible for both sides to agree on six prominent southern Africans — from the legal profession, say — to engage each other when crises arise, and to suggest means and ways of settling these without resorting to violence? If successful, this kind of co-operation might grow into a more permanent structure.

The many skilled professionals in Pik Botha's service must see both the looming crisis which faces the region, and realise that the cosmetic option has no future. Isn't it time that they took a serious look at new initiatives which put the tools of their trade ahead of National Party rhetoric?

## FUTURE OF KWAZULU-NATAL INDABA ANALYZED

Johannesburg FINANCIAL MAIL in English 10 Jul 87 pp 31, 33

[Text]

What chance remains of the KwaZulu-Natal Indaba proposals achieving national acceptance — either as a debating point, or as a model? When the Indaba was launched on April 3 last year, it captured the imagination not only of white and black South Africans, but of the country's increasingly desperate Western allies.

With significant exceptions, notably United Democratic Front (UDF) affiliates on the Left of the political spectrum, and "Boerestaat" ideologues on the Right, the Indaba's latter-day argonauts were universally wished *bon voyage*. They had dared to enter uncharted political waters while the country burned. In the process they displayed a commitment to genuinely negotiated constitution-making across racial divisions — a process described by veteran liberal politician and author Alan Paton as a "miracle."

On November 28 1986, eight months later, 28 of the Indaba's original 34 participating delegations endorsed the constitutional proposals. By their own admission the golden fleece, or "first prize," had escaped them. All were obliged in the spirit of compromise to accept second or even third prizes.

Four delegations opposed the proposals. They were the Afrikaanse Handelsinstituut, the Federasie van Afrikaanse Kultuurvereniginge, the Junior Rapportryers, and Durban's Afrikaanse Sakekamer.

Hindsight may well prove that this rebuff from ruling Afrikanerdom (the National Party (NP) was present during the deliberations, but only as an observer), together with the outcome of this year's general election, signalled the death-knell of translating the Indaba's hopes into reality. Nothing has happened since May 6 to dispel this notion.

The word Indaba, from the Zulu, means a

gathering at which important matters are to be discussed. The idea of holding such an all-race Indaba was a natural response to the central finding of the Buthelezi Commission of 1980. This urged that the province of Natal and the patchwork KwaZulu homeland be jointly administered by a single legislative assembly.

At its launch, under the glare of international TV cameras and attended by foreign diplomats in Durban City Hall last year, the Indaba adopted a six-point mission statement. It sought to unite Natal province in a political system which guaranteed political rights for all; in which the Rule of Law would be applied and racial discrimination outlawed; legislative and administrative power would be delegated as far as possible; and a "free economic system" would truly reflect the province's interdependence with the rest of the country.

There emerged, after eight months of deliberation, a set of constitutional proposals. Attacked from Left and Right, the Indaba constitution departed significantly from the present South African model. Important features include:

Universal adult suffrage and a system of proportional representation in a 100-member "first chamber" and a 50-member "second chamber."

Defenders of the complex lawmaking process, which includes ratification by standing committees, argue that numerous checks built into the system adequately safeguard the rights of minorities. Critics on the Left see apartheid in disguise, while the political Right looks no further than the Zulu community which makes up 80% of the province's population, and sees the white man losing control over his destiny;

□ A Bill of Rights, endorsed on July 10 1986, which would empower the Natal Supreme Court to overturn those laws enacted in the province which it held to discriminate on the grounds of race, political opinion, or economic status; or which infringed the right to life, liberty and property.

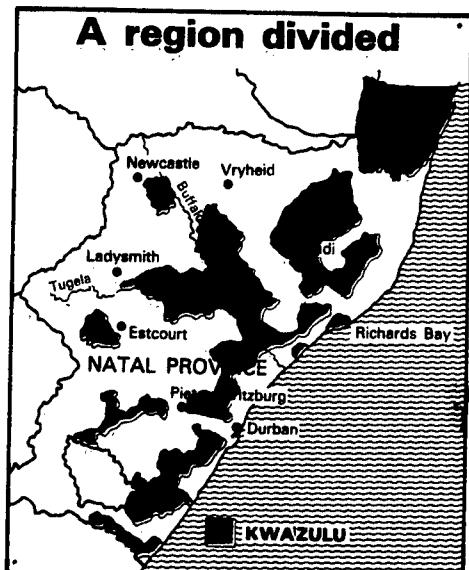
Clause 8 of the Bill seeks to protect ethnic, linguistic, cultural and educational rights and provides that any individual or group may seek redress from the Supreme Court if such rights are impaired; and

□ A single education department committed to phasing in equal educational opportunities for all races in the province.

Race Classification and Group Areas would naturally be outlawed in Natal by the constitution and the Bill of Rights, though election to the second chamber would be on the basis of "background groups." Each of five such groups (African, Afrikaans, Asian, English and South African), would have the power to veto laws made in the first chamber if they felt these infringed on their religious, language, cultural or educational rights.

The proposals were submitted to Pretoria by Indaba chairman Professor Desmond Clarence, the two co-convenors Frank Martin and Oscar Dhlomo, and Indaba Secretary Dawid van Wyk, on January 13 this year.

What followed is a matter of record. Stofel Botha, Minister of Home Affairs and leader of the NP in Natal, made it plain that his party would not accept the Indaba constitutional proposals on the grounds that they did not adequately protect minority rights. Constitution-maker Chris Heunis echoed



these sentiments in the no-confidence debate in parliament. And on May 6, Natal's erstwhile opposition voters abandoned their pretence of being the "last outpost" of British liberalism, and stampeded into Afrikanerdom's laager.

Though Indaba supporters argued that their constitution was not at issue during the general election, it patently was. Mangosuthu Buthelezi acknowledged as much in an unguarded and bitter reaction to the election's outcome.

However, history may well demonstrate that the Indaba's hopes of launching its own regional government were scuppered well before the election. Twelve months earlier government had ignored the Indaba's appeal to put its proposals for regional government on ice and launched its controversial RSCs.

Grave doubts must now exist as to whether an Indaba-run Natal could mesh with the revised second-tier system of government now underway. Significantly, Buthelezi has indicated his complete opposition to RSCs (FM July 3).

Veteran Natal MEC and the man widely credited as "Father of the Indaba," Frank Martin, has summed up the RSC dispensation as follows: "You may hear fancy words like devolution of power, but don't be fooled. Centralisation will occur in three distinct areas: legislative control will move from the regions to parliament; key (nominated) decision-makers in the system will owe their allegiances to the State President and not the local electorate; and provincial officials will fall under the direct control of the Commission for Administration."

Correctly, in the FM's view, Martin detected in this shift a cynical disregard by government for the comparatively democratic and autonomous provincial government institutions it is now replacing. Unaccountably, however, he continues to entertain the fond hope that this same government will allow Natal wide legislative autonomy irreconcilable with local government elsewhere in the country.

Indaba supporters now pin their hopes on a demonstration of support by all Natal's inhabitants for their constitution, either by way of a government-sanctioned referendum or a provincial opinion poll. While parliamentary approval for the Indaba is required, such popular support, they argue, would force government's hand.

Such hopes may have been justified when the Indaba began its talks. A few months beforehand, P W Botha had told the 75th congress of the NP in the Cape: "New times demand new approaches ... the country is

outgrowing apartheid." He went further and spoke of a collective South African citizenship and universal franchise within structures chosen by South Africans.

Today, with the State of Emergency in its second year, English-speaking whites having abandoned the political middle ground for the security of Afrikanerdom's laager, and deep divisions evident among Zulus, it is no foregone conclusion that such a vote will be won, even were it allowed.

But is the Indaba thus destined to become only another monument to intransigence? Though indubitably right for the times, it has voluntarily gone where ruling Afrikanerdom and its new English-speaking allies are too fearful to tread.

The fact that both may one day be forced along an even less acceptable route is cold comfort for those who have mapped out the Indaba's pioneering path. Is it too much to hope that, presented with the detailed Indaba proposals, government could at least bear them in mind when the time comes for real nitty-gritty bargaining with blacks? The proposed statutory National Council would be one body, for example, which could benefit from the Natal negotiations. At the least, it will have provided a model for how such negotiations can be achieved in a spirit of non-racial compromise. ■

/9274  
CSO: 3400/194

## IDASA NATIONAL COORDINATOR DISCUSSES ROLE IN SHAPING FUTURE

Johannesburg FINANCIAL MAIL in English 10 Jul 87 pp 55-56

[Article by Wayne Mitchell]

[Text]

The Institute for a Democratic Alternative for SA (Idasa) has hit the headlines through its 50-strong, mainly Afrikaner delegation to various West African states, which will include talks with prominent African National Congress (ANC) figures. The group's aim is to explore and discuss alternatives to apartheid, and — in the words of Beyers Naudé, one of the delegates — assess "how democracy developed in those countries after independence."

What does Idasa, started last year by ex-Progressive Federal Party leader Frederik Van Zyl Slabbert and former PFP MP Alex Boraine, stand for? Before the announcement of the Idasa African trek, the FM spoke to Wayne Mitchell, Idasa's national co-ordinator. Mitchell believes it's only a matter of time before true one man, one vote democracy comes to SA. What he and Idasa are concerned about is that the transition should be as peaceful and as accommodating of all points of view as possible.

Mitchell (27) describes himself as a social democrat. He believes better welfare services are necessary to cater for South African society. But, at the same time, he appreciates that the transition to a new system, with better benefits for a wider range of people, must be accompanied by stability. Otherwise the economy, which will need to provide the additional benefits, may be destroyed.

Mitchell's role in Idasa is to co-ordinate the organisation's regional offices, evaluate projects for financial and political viability, and to set up the infrastructure, including staff. It's a tall order for a relatively young

man, but Mitchell's record indicates a flair for organisation and leadership.

He matriculated at Port Elizabeth's Westerberg High School where he was head boy, house captain, and captained the first rugby and cricket teams. At the University of Port Elizabeth (UPE) he obtained a BA honours degree in political science and is currently studying for a masters degree, with his thesis subject: "The Role of Multinationals in South African Politics."

At UPE he served on the Students' Representative Council; he is a former chairman of the Westerberg Old Scholars' Association; was a competition show-jumper, and represented SA as a junior in Zimbabwe in 1976.

Mitchell's active political career took off in 1984 when he was elected PFP youth chairman for the eastern Cape, a post he held until last year. During that time, he worked as a professional organiser for the PFP and was a member of the party's region-

executive and of the policymaking federal council. He quit the PFP last year.

He says that during his short career with the Progs, he encountered fundamental differences with party policy, particularly on the aspect of a federal constitutional system. The final break occurred when he was working on the labour relations side at General Motors. After coming into contact with union leaders, he had a "complete re-think" of his political future.

"I found that people didn't want to touch the PFP with a barge-pole because of its participation in the tricameral system. I also believe there are too many old-style liberals in the PFP and I don't see myself as a liberal, more as a social democrat," he says.

That step took him straight into extra-parliamentary politics.

Mitchell believes Idasa has a "unique" role to play in the development of SA's future. "We are the first institute attempting to bring people together across the political spectrum. We want to get people to focus on a future, a nonracial democratic SA. We want to get them beyond the rhetoric so that they can talk about alternative forms of government."

At the same time, however, Idasa needs to be careful not to muscle in on territories presently occupied by other groups working towards a nonracial democracy.

"Idasa doesn't want to preach to the converted," Mitchell says. "We don't want to encroach on the ground of other progressive organisations that are playing a political conscientising role in SA, such as Nusas, for example. If we are going to do something among students, we don't encroach on Nusas's turf. The same would apply to the Afrikaanse Studentebond. We do, however, recognise that if there is to be a peaceful future, those organisations — and others — have to get together to talk. We therefore see ourselves as a facilitator to get these various groupings together to debate the future of SA."

Idasa, he says, is spreading its wings "very wide ... We are talking, for example, to 'comrades' in the townships, the UDF-affiliated civic organisations and white liberals who believe change won't come through parliament. On the other hand, we are also engaging members of the National Party (NP) at constituency level. Although this is a difficult area to break into, a fair measure of success has been achieved."

The cut-off point, he says, are groups preaching racial consciousness, in both the black and white communities. Idasa's aim is to avoid violence in achieving change. It

believes that if people talk to and understand one another, they begin to allay one another's fears.

"I don't believe anyone really wants the violent option, which will in the end lead to the destruction of the infrastructure of SA," Mitchell says.

Speculation on a government crackdown of foreign funding and extra-parliamentary groups such as Idasa is causing the organisation concern. However, "we believe government would be very naive to take extreme action against Idasa; such a move would create a situation of complete despair; government would be cutting off one of the final forums for discussion."

Mitchell acknowledges that in the final assessment, negotiations for change will have to take place between the main players, at this stage the NP and the ANC and UDF block. In the meantime, however, a process of negotiation at grassroots level is vital to set the scene for further developments.

He distances Idasa's strategy from that of the Independents: "The major theme of black youth at the moment is that the tricameral parliament is irrelevant and, according to them, anything that goes into it is irrelevant. The In-

dependents are preaching the same message now that the PFP preached 10 years ago. It's just new faces in the same places. The danger could exist that they could be seen to be an Afrikaner PFP. It's only a matter of time before the Independents get tainted with the same brush by the propaganda services at the disposal of the NP. The fundamental underlying factor is that extra-parliamentary organisations, the truly relevant organisations, aren't prepared to really become involved with parties who are participating in the tricameral system. That's the Independents' stumbling block. Our role is completely different — we are truly in no-man's land." Put another way, Idasa is likely in future to adopt a high-profile campaign of "talks about talks" across the political spectrum within and outside SA. The idea appears to be to take advantage of the widespread feeling that "something has to be done." Whether it can convince the NP, let alone the Independents, remains to be seen. ■

POLITICAL

SOUTH AFRICA

BRIEFS

NEW DEPARTMENT TO IMPROVE IMAGE--The South African Foreign Ministry is setting up a new department whose role is to strengthen ties with influential economic figures in other countries. To this effect the Ministry is recruiting English-speakers with open minds, often former members of the Progressive Federal Party (PFP) who passed over to the National Party during the last elections. The Ministry has for example hired a former SABC broadcaster, Michael de Morgan, who has been posted to the Embassy in London, and more recently a former PFP deputy, Horace van Rensburg. The Foreign Ministry's objective is to use the undogmatic qualities of these people to present a better image of South Africa to foreign businessmen, and thus to counter the growing campaign of disinvestment in the South African economy. [Text] [Paris THE INDIAN OCEAN NEWSLETTER in English 11 Jul 87 p 2] /9274

CSO: 3400/194

## NEW SECURITY NETWORK FOCUSES ON LOCAL ISSUES

MB170530 Johannesburg BUSINESS DAY in English 16 Jul 87 pp 1, 2

[By Diane Grimes]

[Text] A new network of security committees, including members of the SADF, commerce, industry and local authorities, has been set up.

The committee, called Defence Manpower Liaison Committees (Demalcoms), were launched in Johannesburg in May, and are an off shoot of provincial Demalcoms. They will work, at times, with the Joint Management Centres (JMCS).

The function of Demalcoms is to discuss military call-up needs and local security issues such as unrest and stayaways, members said.

Eight provincial Demalcoms were established in 1985 and these branched out this year to form the extra committees at local level.

It was decided to form these local or mini-Demalcoms to enable greater participation at local level, members said. They meet every few months.

A defence force spokesman said the SADF decided to establish committees as a forum for discussion between itself and commerce and industry about manpower needs and the accommodation of these by the SADF.

The committees also act in an advisory capacity on SADF call-up regulations, and provide feedback to the Manpower Board, but have not power to enforce decisions.

Colonel Basic Ginsberg, chairman of one of the eight provincial committees, the Witwatersrand [Wits] command Demalcom, said the groups discussed balancing manpower requirements of the SADF and private sector in a way which suited both.

The Johannesburg Demalcom is one of several offshoots of the Witwatersrand provincial Demalcom and was formed in May.

Representatives include Wits Command, Johannesburg's Chamber of Commerce (JCC) and City Council, the Randburg Commando, Randburg's Town Council and Chamber of Commerce and Industry, the Transvaal Chamber of Industries, the Security Association of SA and the Engineers Association of SA.

Colonel Chris du Troit of the JCC, elected chairman of the Johannesburg Demalcom at this month's meeting, said they were looking at representation from universities, and due to concern about the effect of stayaways, union members and industrial relations consultants.

The Demalcom, he said, would report to JMCS on issues where the committee itself had no direct line to the relevant authorities.

It had been decided to have civilians chairing the committee as it otherwise mistakenly appeared as if it was being run by the military.

/12232  
CSO: 3400/186

## FULL TEXT OF FINANCE MINISTER'S 1987 BUDGET SPEECH

Johannesburg BUSINESS DAY in English (Supplement) 4 Jun 87 pp 1-8

[Text]

**1.1 GENERAL:** The last few years were among the most difficult we have experienced, and called for sacrifices by one and all. But that those sacrifices were worth it is now clear: the economic tide has turned towards growth and development, and we can justifiably look forward in new confidence.

This Budget is in important respects unique, and it also operates within certain general and specific parameters.

In view of the recent election for the House of Assembly, it is being delivered in the third month of the current financial year; but it nonetheless forms a unity with the Part Appropriation earlier this year, which included substantial tax concessions.

It stands foursquare with recent Budgets and measures designed as a stimulus towards bringing the economy out of recession and putting it back on the path of sound growth.

Successive tax concessions and target-related additional government expenditure have already achieved much in this regard.

It deals with govern-

ment expenditure that for the first time rests on approaches and priorities laid down by the State President's Committee on National Priorities and which form part of a five-year plan for such expenditure.

In this, the first attempt to implement the plan, allowance has naturally had to be made for the present exceptional circumstances. The plan will be re-evaluated later this year and adjusted where necessary.

It relates to state revenue collected under a tax system that stands on the threshold of renewal. Important choices on taxation will shortly have to be made on the basis of the recommendations of the Margo Commission, and in anticipation of this the government has over

the past two years refrained from changing the tax system in any significant way.

It reflects the mandate given by the majority of white voters to their representatives in both the House of Assembly and the Government to embark on far-reaching further steps towards the broadening of democracy.

In his address at the recent opening of Parliament the State President referred succinctly to the need for economic growth as a requirement in this process: "Constitutional development cannot take place in isolation, but has to be preceded and accompanied by economic and social processes to create the conditions in which renewal may be continued on the basis of security."

It will contribute to answering the question whether our economic system can deliver what the country and its people want.

Various socialist approaches in Africa have been unable to offer hope of escape from hunger, poverty and misery. For its part the South African constitution sees the promotion of private initiative and effective competition as a national goal; consequently, the

authorities and the private sector must join forces continually to prove that this choice of an economic system is to the benefit of all.

But the choice made by the less-privileged is naturally influenced by their need for results now and by the prospects for the future.

Appropriate financial and economic policies, upliftment in the social and educational spheres, and the provision of equal opportunities for training, work and the accumulation of assets and wealth by such means as the present imaginative promotion of home ownership, are thus not only right and just in themselves but also underpin the system.

In several ways the Budget contributes to this.

It must, while showing the compassion due by a Christian government to the less privileged and the needy, remain true to the conviction that it lies with the individual to strive for the greatest possible self-sufficiency, including provision for old age.

The continuation of direct and indirect concessions and measures to promote thrift and provi-

sion both for one's working life and for retirement, is again reflected in this Budget.

It must, while certainly promoting new jobs and ensuring the continuance of existing ones by way of grants and other measures, always take as a sound point of departure the fact that employment creation belongs primarily with the private sector.

The entrepreneur should not only enjoy the frequently considerable rewards of private initiative but also accept that he must bear its risks. The state cannot, and nor should it, protect him from or compensate him for the risks and losses inseparable from economic life.

State assistance can thus be justified only in exceptional circumstances.

It must — finally, but extremely importantly — provide for the maintenance of law and order in the face of an unprecedented escalation of the risk of violence, and where possible act preemptively in this regard.

Efforts towards optimal economic development, the meaningful development both of leadership and of negotiation in all spheres, including the constitutional one, are otherwise doomed to fail or to progress at an unacceptably slow pace.

Furthermore, the Budget is decisively influenced by certain overarching and inescapable realities of our country.

South Africa is a developing country: with a high rate of population growth, which not only imposes great claims on the country's economic capability but also contributes to unacceptably high levels of unemployment; with an unbalanced distribution of wealth and income between the several population

groups, without a social welfare net of the sort found in most developed countries; with a very high demand for spending to uplift less developed communities and regions, against the background of a changing constitutional dispensation; and with a very open economy, vulnerable to overseas developments such as fluctuations in the gold price, exchange rates and the demand for raw materials, as well as to trade sanctions and disinvestment.

The fiscal policy instruments of public expenditure and taxation can thus be meaningfully structured only by taking the particular characteristics, shortcomings, problem areas, needs and possibilities of this country fully into account.

## 1.2 Long-term economic strategy

### 1.2.1 General

Against this background, the highest priority in determining economic goals must be given to a growth process that above all generates work, and in such a way that ensures participation in the ensuing benefits by the greatest number of people.

This can be best achieved by increasing individual involvement in the economic development process and by continually improving every individual's opportunity and ability so to participate.

This approach is also manifest in the long-term economic strategy of the Economic Advisory Council presented to the conference of business leaders convened by the State President on November 7 1986.

This strategy, with ad-

aptations by that conference, envisages that the further development of the South African economy will be of a three-fold nature.

Firstly, the strengthening and development of the modern sector is imperative as a basis for the country's economic development.

The income- and work-generating role of the modern sector and its role as creator of surplus funds and supplier of expertise for the development of the economy as a whole, will have to be the pivot of economic progress.

Secondly, the government's political reform process and new approach to urbanisation (as set out in the relative White Paper) allows for greater inward industrialisation — that is, a process of economic growth generated internally as a result of the increasing demand for basic goods and services from a burgeoning urban population.

Inward industrialisation should not, however, be seen as a substitute for a third essential element in the development process, namely regional development.

The latter does not clash with a simultaneous urbanisation programme or the consequential process of inward industrialisation. More than 40% of the South African population is still to be found in the rural areas, including the national states: this means that a real need exists in these areas for the optimal utilisation of the development potential they offer.

The government thus has an ongoing duty to promote rural development and to create and maintain job opportunities in those areas.

### 1.2.2 Fiscal strategy

In determining financial policy it remains the policy stance that any possible room for growth in the short- to middle-term should be fully exploited. Under present circumstances fiscal policy has a key role to play in this regard.

The long-term planning done by the State President's Committee on National Priorities in respect of government expenditure and its financing is now being employed as the basis for the annual Budget.

At the end of last year the Cabinet approved, for the first time, a five-year expenditure plan: one that covers the period 1987/88 to 1991/92.

As is always the case with a new departure, this plan requires further refinement, and it will be revised annually so as to achieve the goal of setting realistic public sector expenditure on a moving five-year basis.

The plan has been developed so as to give shape to the government's declared aim of allowing greater room for private sector activity.

The plan envisages a relative reduction in total public sector expenditure, namely from almost 38% of gross domestic product in 1985/86 to approximately 34½% in 1991/92. The process of privatisation and deregulation already launched are bound up with the attainment of this objective.

### 1.2.3 Monetary strategy

As to monetary policy, the monetary authorities have now for two successive years set targets for the increase in the money

It is also accepted that interest and exchange rates must be sufficiently flexible to adapt to changes in the business cycle and so exercise a stabilising influence on cyclical fluctuations.

In the light of this long-term perspective against which this year's Budget ought to be judged, we can now proceed to a discussion of the present economic position.

## 2. Economic conditions and prospects

### 2.1 Economic growth

The South African economy is still in an upward phase of the business cycle. This recovery began from a low base in the middle of 1985 and was initially sluggish. During the second half of 1986, however, it developed momentum.

After an increase of 5.1% in 1984, the real gross domestic product fell by 1.5% in 1985 and rose by a mere 0.7% in 1986; but these figures, which relate to calendar years, hid the fact that in the third and fourth quarters of 1986 real gross domestic product was rising at an annual rate in excess of 4.5%, before declining (according to preliminary estimates) to 3.2% in the first quarter of 1987.

Real gross domestic expenditure has in the recent past fluctuated considerably from quarter to quarter, but it nonetheless showed a moderately upward trend during 1986 and the first quarter of 1987.

The continuing upswing is also evident from economic indicators such as manufacturing production, wholesale and retail sales, motor car sales, company profits and share prices.

Present indications are that the revival will continue through 1987 and 1988 and that real gross domestic product will grow by some 3% in 1987.

It is expected that this growth will be accompanied by an increase of about 2% per annum in real consumption expenditure; a moderate recovery in total real gross domestic fixed investment from the relatively low level it reached in 1986; and real inventory accumulation.

### 2.2 Inflation

In his recent opening address to Parliament the State President expressed the Government's grave concern over the serious effect of the unacceptably high rate of inflation on individuals and the economy, as follows: "The particular causes and composition of inflation in our country change continually and are related to a variety of external and internal factors.

Although inflation is combated continuously with appropriate monetary, fiscal and other measures, it remains necessary to tackle and analyse the problem over a wide front from time to time."

A few remarks on this subject are now appropriate.

To begin with, it may be pointed out that the inflation of the past two years cannot be attributed to excess demand.

This view is widely held and is also supported by the committee under the leadership of my colleague Dr Org Marais, which at my request conducted a study on the subject in 1986.

This committee's views have been conveyed to the Economic Advisory Council which in the interim had received a directive from the State President to investigate

the problem in a broader context.

To be sure, there was demand inflation in 1983 and 1984 and the authorities had, in the national interest, to impose a restrictive monetary policy with its resultant high interest rates; but this policy was successful in eliminating excess demand and conditions have subsequently been such that total monetary demand has, if anything, risen too slowly.

Nor is the inflation experienced since 1985 of the conventional wage-push kind.

As part of the inflation spiral, wages and salaries have risen faster than productivity but they have risen by less than inflation itself; real wages and salaries have therefore fallen.

The real remuneration per worker in the fourth quarter of 1986 was indeed as much as 9% lower than in the first quarter of 1984.

Over the past two years the fluctuations in the inflation rate were obviously to a great degree connected with changes in the exchange rate.

Upward pressure on prices was exerted by the depreciation of the rand from its relatively stable level of about 50 US cents between January and late June 1985 to between 36 and 38 US cents in the following months.

Although the rand showed a temporary appreciation early in 1986 to over 50 US cents, it later fell again to about 36 US cents in the middle of June 1986, whereafter it once again appreciated to the recent level around 50 US cents.

These two phases of exchange rate depreciation were not, however, caused by excessive money creation or spending, but rather by outward movements of capital that arose chiefly from a deterioration in overseas perceptions of domestic

economic and political prospects; under these abnormal circumstances the dampening of demand would not have been the correct policy.

This analysis is supported by the fact that at seasonally adjusted annual rates the consumer price index, following the exchange rate depreciation in the second half of 1985, rose from 14.5% in the third quarter of 1985 to 26% in the first quarter of 1986.

But after the rand again appreciated, the rate of inflation once again showed a downward tendency, reaching 15.1% in the first quarter of 1987. It will be evident that, if new demand inflation or wage inflation can be avoided, the rate of inflation should gradually fall still further.

### 2.3 The balance of payments and the rand

Developments on both the South African and the international economic and political fronts during the past few years made downward adjustments to the domestic economy inevitable.

This meant sacrifice and at times a lowering of living standards, but the results achieved by this adjustment process are reflected *inter alia* in the great change in the balance of payments.

In 1984 the current account still showed a deficit of R2.2bn.

In 1985 this deficit was transformed into a surplus of R5.9bn and in 1986 the surplus grew to R7.2bn. This was equivalent to 5% of gross domestic product, a remarkably high percentage for any country — and something that constantly makes a deep impression on overseas observers.

At a seasonally adjusted annual rate, the surplus in the first quarter of

.987 was R7,4bn, and present indications are that in spite of the expected increase in the real growth rate and thus in imports it will be about R5bn for 1987.

In the main this noteworthy performance of the current account since 1984 stems on the one hand from elimination of excess monetary demand through monetary and fiscal policy, and on the other the depreciation of the rand, which encouraged exports and discouraged imports.

In 1986 the capital account of the balance of payments showed a net outflow of capital not related to reserves, of R6,1bn, as against R9,2bn in 1985. The short-term capital component was R8,8bn in 1985 and R4bn in 1986.

An important element in this outflow of short-term capital was an increase in the export credit facilities granted by South African exporters. In the first quarter of 1987, however, there was a net capital inflow of about R500m.

In addition to these capital movements, the banking sector and the government reduced their reserve-related short-term foreign liabilities by R2,3bn in 1986 and a further R677m in the first quarter of 1987.

The outcome was that the total gold and other foreign reserves of the Reserve Bank, the other banks and the government rose from a low of R3,9bn at the end of April 1986 to no less than R7,3bn at the end of March 1987.

During April 1987 the Reserve Bank's gold and other foreign reserves rose yet again, by about R400m.

Furthermore, over this period the Reserve Bank increased its physical holding of gold substantially, from a low of 3,7-million fine ounces at the

end of July 1986 to 5,8-million at the end of April 1987.

Since the beginning of 1985 — a period in which both the gold price and the exchange rates of the leading world currencies fluctuated greatly — the commercial rand also showed substantial fluctuations, but between June 1986 and late April 1987 it appreciated against the US dollar by about 40%.

Over this period it appreciated against a weighted basket of currencies of our major trading partners by nearly 30%.

The financial rand, which at one stage in June 1986 fell below 20 US cents, rose to 35,3 US cents on 30 March 1987, since when it has fluctuated around 30 US cents.

#### 2.4 The short-term strategy of 1986/87 in retrospect

From the foregoing review it will be apparent that the moderately expansionary monetary and fiscal strategy set out fully in last year's Budget speech, was successfully implemented during the past year.

As to fiscal policy, the objective last year was a moderately stimulatory Budget.

Against the background of an economy beginning to recover, provision was thus made for only limited growth in government expenditure, while appreciable tax concessions — some R800m — were looked to for the stimulus.

But when it had become apparent that the recovery still lacked staying power, a stimulatory package of R1,2bn was announced in June 1986, of which tax concessions totalled R250m.

Still further stimulatory measures, of some R1,5bn, consisting mainly of tax concessions of some R1bn, were announced in the Part Appropriation Speech in February this year.

Monetary policy included the setting of a target range of 16 to 20% for the broad money supply (M3), measured from the fourth quarter of 1985 to the same quarter of 1986.

M3 as such initially rose very slowly, and over the target period increased by only 10,1%; this was an important reason behind the Reserve Bank's relaxation of monetary policy by way inter alia of a series of further reductions in Bank rate.

In the upshot, Bank rate was lowered from 21,75 to 9,5% between May 1985 and December 1986.

By this means, and through market-related public debt management and open-market transactions, the monetary authorities contributed to an appreciable decline in the general level of interest rates; over this period the commercial banks' prime overdraft rate, for example, fell from 25 to 12,5%.

Although the money supply, as stated above, rose by only 10,1% over the targeting period, there was an increase of 7,6% in the income velocity of M3; that is, in the ratio of gross domestic product to M3.

The "effective" money supply (ie M3 adjusted for changes in income velocity) therefore rose by 18,4% — well within the target range.

#### 3. Fiscal and monetary strategy for 1987/88

As appears from to-

day's Budget, short-term fiscal and monetary strategy remains expansionary, the object being to boost consumption and investment so as to raise production, employment and real economic growth.

This by no means implies that the fight against inflation is not a high priority; but the further reduction of the inflation rate is not the only objective of official economic policy. The control of inflation must be slotted into the government's overall economic strategy.

#### 3.1 Monetary policy

In accordance with the present growth strategy the Reserve Bank will continue to accommodate any reasonable extension of bank credit and increase in the money supply.

This strategy is already reflected in the new money supply targets recently set by the Reserve Bank with the concurrence of the Cabinet.

So as to avoid excessive money creation and the reappearance of demand inflation, the target has been reduced from a range of 16% to 20% to one of 14% to 18%; but with growth and employment creation in mind, this range has been set high enough to support a real growth rate of about 3% in 1987.

This policy does of course have implications for the exchange rate of the rand. As there is a close relationship between the money supply, interest rates and exchange rates, the adoption of a target for the money supply means that there can be no completely independent target for either exchange rates or interest rates.

As an integral part of the present growth

stance, then, the present policy of managed floating will be continued; but as in the past the Reserve Bank will influence the exchange rate and prevent excessive fluctuations by regularly buying or selling dollars in the foreign exchange market.

The fact that the rand has appreciated since June 12, 1986 by about 40% against the US dollar must be welcomed insofar as it serves to reduce the inflation rate; but it remains Reserve Bank policy, by means of the purchase of dollars, to prevent the rand rising to an extent that undermines exports, employment creation and the promotion of growth.

As to interest rates, no significant upward or downward tendency is expected in the near future. It is of course true that if the upswing develops a much greater momentum and is accompanied by a large increase in the demand for loanable funds, interest rates will have to be allowed to rise in response to normal market forces, as an inherent element in the present monetary policy; but an increase of this kind would in fact be a symptom of meaningful economic advance.

At the moment, however, there is no sign of excessive monetary demand; on the contrary, the latest available growth rate of M3 is still appreciably below the new target range.

There is thus still a good deal of room for the money supply and total expenditure to rise before exerting any significant upward pressure on interest rates.

### 3.2 Fiscal policy

As to broad fiscal policy, it should be remembered that the Part Appropriation earlier this year

made provision — within the Exchequer's limited means — for tax concessions, so as in some degree to counter fiscal drag and also to serve as a stimulus for the economy.

This tax relief comprised a reduction in the maximum marginal tax rate on individuals from 47.5% to 45% and an increased rebate in respect of the income of working wives, while the exemption in respect of interest earnings was raised from R500 to R1 000. These concessions amount to some R750m.

Furthermore, an early repayment was made of the 1983 loan levy, involving R287m. The stimulatory effect of this substantial injection will be reinforced by the nature and magnitude of the expenditures this Budget envisages.

But, given the room that now exists in the market, the higher deficit before borrowing that arises in consequence should not place upward pressure on interest rates — a factor taken fully into account in the framing of this Budget.

### 4. Other policy matters

#### 4.1 Report of the Margo Commission

A manuscript copy of the Margo Commission's report on the South African tax system was recently handed to the State President; its translation into Afrikaans is now almost complete, so that the printed report should soon be available in both official languages.

A working group of the Department of Finance has meanwhile, in the midst of a very tight work programme, made a penetrating study of the voluminous report and

reached provisional conclusions on the recommendations, which run to more than three hundred.

Many of these recommendations are far-reaching and require thorough consideration as well as discussions with interested parties, and with regard to some of the more important proposals the commission has itself recommended that further investigations be made.

The chairman of the commission, Mr Justice Margo, accompanied by members of the commission and senior officials of the Department of Finance, has just returned from overseas, where at my request further investigations into certain aspects of indirect tax were conducted. Their report will be completed shortly.

Many of the commission's recommendations are inter-related and can consequently not be considered in isolation. It was thus not possible to extract any of the proposals and use them in this Budget.

As far as the tax proposals to be tabled are concerned, however, care has been taken to ensure that they do not conflict with the recommendations.

In the nature of things the final conclusions of the Department of Finance on the commission's proposals will have to be submitted to the government as a cohesive whole for discussion and consideration before any final decisions are taken.

A major consideration involving the publication of the report is the fact that it contains several recommendations which, as components of various alternatives, could have a drastic impact in several spheres of economic life.

It is therefore imperative that the government from the beginning give a clear indication as to

which recommendations are acceptable and which are not.

It will be apparent, therefore, that the commission's report can be released only if it is accompanied by an indication of the government's reaction to the most important proposals. This cannot be properly done before August.

Prior to the implementation of such recommendations as may be accepted, further discussions will take place with representative bodies concerning the implications of such implementation.

The Margo Report is a monumental piece of work, and moreover one executed within a relatively short space of time.

It was an inspiration to see the enthusiasm, dedication and expertise with which Mr Justice Margo and members of his commission approached and executed their task. I should like to take this opportunity to convey to them the government's sincere thanks: they have done splendid work.

### 4.2 Crafford Task Group for budgetary procedures

It was announced last year that a task group had been formed to evaluate departmental budgetary procedures and various public sector services introduced over time.

The task group, under the leadership of Mr Jan Crafford and with strong representation from the private sector, has been at work for some time now and, in co-operation with the Treasury, has reviewed the most important functions performed by the state and ranked them in order of priority for the purposes of evaluation.

An illuminating first report, on specific programmes, has already been submitted and is receiving attention.

## 4.3 Financing of own affairs

In the previous two Budget speeches it was stated that formulae based on certain norms and standards would be determined for the annual statutory amounts to be transferred to the budget accounts for own affairs.

It is now gratifying to state that basic formulae for the expenditure on housing, education and social welfare services have already been approved by all three Ministers' Councils and by the Cabinet.

The financing requirements of education have in fact been determined with the assistance of formulae in the past two years. In co-operation with the administrations for own affairs these formulae will continually be refined and will be used in arriving at the transfers concerned.

## 4.4 Senior Citizen Savings Bonds

A dilemma that continually faces any economic policy-maker arises from the fact that short-term measures aimed at certain economic goals can often impact adversely on other goals.

A current example of this will be found in the area of interest rates, where lower rates, which normally serve to stimulate economic growth and particularly investment, simultaneously have the disadvantage of reducing income from savings.

Various steps have been taken to promote

saving in general by means of the taxation system.

Although the state does not wish to compete with financial institutions, for historical reasons a few savings instruments are provided in which the ordinary man can invest.

One of these is National Defence Bonds, which pay 14% per annum, fully taxable.

This rate is presently significantly higher than the market rate for similar instruments of the same term, and to avoid the accusation that the authorities are unfairly competing with the private sector it has been decided to reduce this rate to 12%.

The lower rate applies immediately to new investors, and to existing investors from July 15 1987.

However, the government is deeply concerned at the problems faced by those senior citizens for whom interest is the only or the major source of income; and it has therefore been decided to introduce an indefinite-period savings instrument known as a Senior Citizen Savings Bond, available only to those aged 60 or over, which will carry a rate of 15% per annum.

This interest will be payable quarterly and will be taxable, but will of course enjoy the general tax concession whereby the first R1 000 of interest income per taxpayer is exempt from tax.

Investments can be made in multiples of R100 with a minimum of R500 and a maximum of R200 000 per individual, and the investment can be withdrawn at any time after 12 months from the date of deposit.

It is not intended that this new savings bond will invariably offer a higher rate than is available in the private sector; rather,

it aims to provide our senior citizens with a safe form of protection against falls in market rates to exceptionally low levels.

The bonds will be available at post offices, commercial banks, stock brokers or direct from the Treasury, from July 1, 1987.

## 4.5 Gold and Foreign Exchange Contingency Reserve Account

The scheme whereby the Treasury, via the Reserve Bank, provided public sector bodies with forward exchange cover for lengthy terms, was ended on December 31 1986.

The Bank, however, continues, for the Treasury's account, to provide the market with cover for up to one year.

The risks attaching to these short-term transactions are less than in the case of long-term contracts, and the potential exposure of the Treasury has therefore been reduced.

Further net losses amounting to R1,529bn were incurred last year on the Gold and Foreign Exchange Contingency Reserve Account, which brought the total balance on this account on March 31 1987 to R3,469bn.

No provision has been made in this Budget for any transfer to the Reserve Bank in respect of this loss.

Since the end of March this year, however, the course of both the gold price and the exchange rate of the rand resulted in net profits on the Bank's gold and foreign exchange transactions, which served considerably to reduce this balance again.

The balance will fall further during the course of the year if this trend continues.

In accordance with the South African Reserve Bank Act the timing and the means of settlement of this balance will be such as may be arranged between the Minister of Finance and the Governor of the Bank.

It has now been decided that for the time being the Reserve Bank will continue to bear the accumulated loss, as a claim against the Treasury.

## 5. Financial year 1986/87

### 5.1 Expenditure

The revised estimate of expenditure for 1986/87 is R40,321bn. This is an increase of R2,750bn (7.3%) on the Main Budget for 1986/87 of R37,571bn and an increase of 22.5% on the actual expenditure of R32,908bn for 1985/6; but if the expenditure connected with the stimulatory package are left aside, the increase is 20.2%.

The total stimulatory package of R1,205bn announced in June 1986 provided for additional expenditure of R955m; of this, R762m was spent in the 1986/87 financial year, including the transfer of R400m to the South African Housing Trust. The balance of R193m will be used for employment creation and housing in 1987/88.

The 1986/87 expenditure also includes an advance of R190m to the Special Defence Account. Particulars of other additional expenditures for 1986/87 have already been given, at the introduction of the Additional Appropriation Bill, 1987, earlier this year.

## 5.2 Revenue

The preliminary collections indicate that for 1986/87 total normal tax revenue rose by 13% to R33,118b — R509m less than budgeted. The R1,012bn transferred to the Exchequer from the Central Energy Fund (CEF) to finance the stimulatory package brings total income to R34,130bn, an increase of 16.4% on the previous financial year.

The most important deviations from the initial budgeted figures appear in higher tax revenue from gold and other mines, chiefly on account of increases in the rand earnings of certain mining products. On the other hand, income tax payments by non-mining companies were substantially lower than budgeted; this applies also to income tax on individuals, sales tax and excise duties, and can be attributed largely to a lower-than-expected level of economic activity in 1986.

As is customary, a schedule giving particulars of the revised revenue estimates will be tabled.

## 5.3 Financing of the 1986/87 deficit

With revised expenditure of R40,321bn and preliminary revenue of R34,130bn, the deficit before borrowing for 1986/87 amounts to R6,191bn, or about 4.1% of gross domestic product. Loan redemptions, at R2,326bn, were also higher than budgeted, chiefly by reason of the repayment of R433m of the IMF loan (which was financed by a corresponding transfer from the IMF Deposit Account at the South African Reserve Bank) and the earlier redemption of the 1983 loan

levy, which was repaid in March 1987.

The financing requirement was this R8,517bn, some R3bn more than provided for in last year's Budget. The difference was financed through the sale of government stock of R3,3bn — R1,2bn more than budgeted. The lack of demand on the capital market by both private and public sector borrowers was, however, such that these loans exerted no pressure on capital market rates; on the contrary, the yield on long-term government stock fell from 17.4% in April 1986 to 15% in March of this year.

The deficit was further financed by way of an increased contribution by the Public Investment Commissioners (PIC) and larger sales of both treasury — and national defence bonds. In 1986/87, furthermore, some R1bn of the funds invested with the PIC in terms of the Debt Standstill Arrangements was utilised as short-term foreign loans for Exchequer financing — a subject that will be dealt with more fully later. Total loan financing therefore amounted to R8,919bn.

After making provision for payments of R31m to the International Development Association and the World Bank, the estimated surplus in the State Revenue Account at the close of the 1986/87 financial year is R371m. It is proposed that this be applied in part financing of the 1987/88 Budget.

## 6. Financial year 1987/88

### 6.1 Revenue

As is usual, the printed Estimate of Revenue is based on the present tax scales and takes into account the amendments

for the 1987/88 financial year announced in the speech of the Part Appropriation Bill. The Estimate shows total revenue as R38,594bn. For technical reasons, however, this includes a transfer of R352m from the IMF Deposit Account to finance a corresponding loan redemption. Furthermore, R258m will be transferred from the CEF to the State Revenue Account, representing the balance of R193m for the financing of the stimulatory package and R65m in respect of that portion of stockpiled inventories taken over by the CEF from the state.

If the transfers from the CEF and the IMF Deposit Account are left aside, the contribution by Inland Revenue is estimated at R35,365bn — an increase of 15.6%. Total net customs and excise collections are expected to rise by only 4%, to R2,620bn. The total normal revenue of R37,985bn is 14.7% above the comparable revenue for the previous year.

As to specific sources of revenue, R12,1bn is expected from income tax on individuals, 24.1% above the collections for 1986/87. This increase stems largely from the growth in the number of taxpayers and from improvements expected in the profits of partnerships and non-incorporated business enterprises, while the average salary increases in the economy are also expected to be higher than in the previous financial year.

In the light of the improvement that has already taken place in the profits of non-mining companies, and also the expected further upswing in the economy, revenue from this source is estimated at R5.8bn, compared with the preliminary collections of R5,034bn for 1986/87.

Although the average rand price of gold is expected to be higher than in the previous financial year, gold mining costs continue to rise, while the high capital expenditures of the mines also reduce taxation from that source. The gold mines' contribution in the form of income tax and mining leases is thus estimated at R3,150bn, slightly lower than the collections for 1986/87.

In the light both of the expected improvement in domestic expenditure and of more effective control measures, revenue from sales tax is estimated at R10.7bn, 20.1% above the previous financial year.

Customs duty plus the import surcharge is expected to rise by 12%, while excise duty — which is levied mostly on consumption volumes — is expected to rise by 6.5%.

Transfer payments under the Customs Union Agreements with the BLS and TBVC countries, however, will rise by 22.6%.

## 6.2 Expenditure

The Estimate of Expenditure for the 1987/88 financial year provides for expenditure of R46,319 billion made up as follows:

(a) votes for the expenditure of departments for general affairs R32,511bn  
(b) transfers under section 84 of the Constitution Act to administrations for own affairs R7,965bn  
(c) statutory payments to the provinces R5,843bn.

### 6.2.1 Economic classification

An economic classification of expenditures for 1987/88 is shown in annexure 6 to the printed Estimate; it gives capital expenditure as R4,636bn, slightly lower than the re-

vised figure of R5,086bn in the previous financial year.

This classification of capital expenditure, which for the sake of international and local financial analysis is made in accordance with the internationally accepted manual of the United Nations on national accounts, does not, however, reflect the substantial investment in human capital that is taking place in such fields as education and training, for all population groups.

Similarly, all defence spending is classified as current expenditure irrespective of its nature.

It must further be pointed out that the budgetary assistance to the TBVC countries, which takes place by means of a fiscal transfer, is classified in total as current expenditure, in spite of the fact that part of it goes to capital projects.

## 6.2.2 Main increases in budget allocations

The most important increases are in:

### 6.2.2.1 Education

When the relevant portion of the package for the improvement of service conditions is included, the allocation to education amounts to R9,1bn — by far the largest single allocation, comprising 19.6% of the entire Budget.

This amount represents an increase of R1,542bn, or almost 20%, on the comparable expenditure of the previous year, and includes an increase of about 40% in the expenditure on black education — emphasising the government's commitment to the optimal de-

velopment of the country's human potential and to the goal of equal educational opportunities for all population groups.

It is significant that, in contrast with many other countries and in spite of SA's specific circumstances, it is precisely through education that we are making our largest single investment in the future.

### 6.2.2.2 Development Planning

The increase of R1,194bn (22.4%) to R6,514bn is attributable chiefly to the following: normal growth in provincial expenditure, increases in welfare promotion, the absorption of the functions of development boards and local authority services. It includes a provision of R636m for black local authority purposes.

### 6.2.2.3 Foreign Affairs

R2,176bn is provided for this department, as against R1,363bn in 1986/87. This represents an increase of about 60%, which arises chiefly from an increase in aid to the TBVC countries.

### 6.2.2.4 Commerce and Industry

Previously a portion of the assistance to exporters took place via tax rebates, which did not appear in the Estimates of Expenditure.

So as to make this form of assistance visible and bring it under parliamentary scrutiny, a system of deferred payments by means of the issue of promissory notes with a maturity of two years was introduced.

The first redemption of these takes place in 1987/88, and R443m is provided for this purpose. The vote thus shows a large increase of 73.6%, from R594m to R1,031bn.

growth of the fixed establishment, are the chief reasons for the increase.

### 6.2.2.5 Defence

R6,683bn is being allocated to Defence — an increase of 30% over the vote for 1986/87.

During the past decade the Defence Force has had to operate with allocations that in real terms showed no increase or even fell, in spite of increased responsibilities and the arms embargo.

This meant, however, that necessary renewal and replacement programmes had sometimes to be delayed.

To continue over the long term in this fashion would of course be shortsighted.

The Defence Force could simply no longer defer certain programmes, while others — such as the Cheetah, the combat support helicopter and the G6 mechanised gun already announced by the Minister of Defence — have had to be initiated.

### 6.2.2.6 South African Police

The control of unrest and intimidation must continue to enjoy high priority and it is thus necessary that the South African Police be placed in a position effectively to perform their task in this respect.

This budget vote shows an increase of R459m, or 42.8% above the vote for 1986/87.

The transfer of the railway police and the appointment of special constables and municipal police, together with the

Other activities, provided for in the Budget and which on account of their importance warrant special mention include:

### 6.2.3.1 Work creation and training of the unemployed

These programmes, gathered momentum last year by virtue of the large amounts they were voted.

Although there are still considerable numbers of unemployed and an endeavour is being made to help them with regard to their most pressing necessities, temporary support programmes on the same scale as in the past two years can unfortunately not become a permanent feature of our expenditure pattern.

In the light of the upturn in the economy the total assistance has in this year's Budget been reduced from R281m in 1986/87 to R181.4m, comprising R100m for employment creation and R81.4m for training. As already remarked, the creation of permanent job opportunities over the medium and longer term lies primarily with the private sector.

### 6.2.3.2 Pensions

The pension improvements already announced, amounting to R206m, are included in the printed Estimate under the votes concerned.

### 6.2.3.3 Public service remuneration

In the light of the particular problems surrounding Exchequer financing this year, the sum of R1,224bn included in the Budget for the improvement of service benefits is the maximum that could be provided for this deserving matter.

The whole question of salary adjustments has recently received wide coverage and therefore calls for no further elucidation.

## 6.3 Supplementary expenditure proposals

The following two supplementary proposals are submitted:

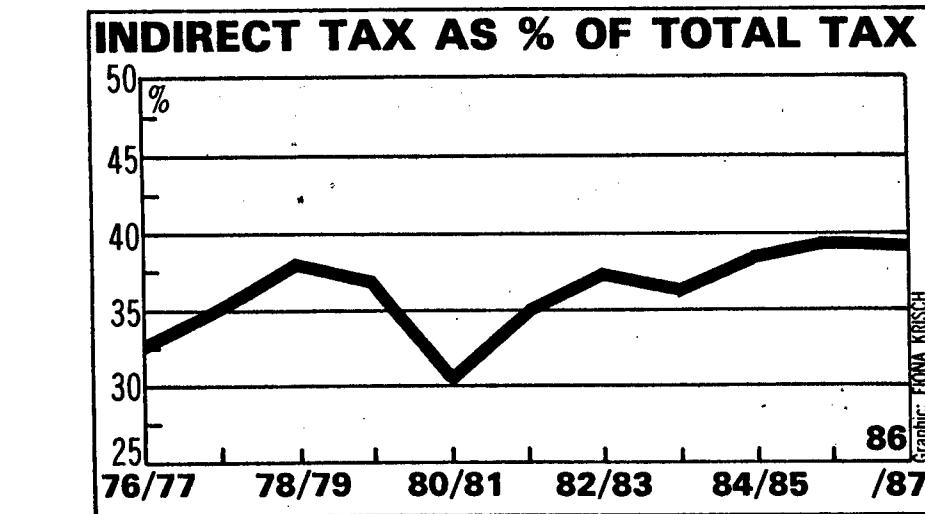
### 6.3.1 Assistance to agriculture

The printed Estimate already includes R117m for the reconstruction of agriculture in the drought-stricken areas and about R120m for various other aid programmes for agriculture.

The protracted and disastrous drought in the summer rainfall sowing areas, together with the accompanying failure of crops, led to serious financial problems for many farmers.

Regard must also be had to the drought's effect on business enterprises in the areas concerned, the utilisation of the infrastructure in the towns, the labour force employed by agriculture and local business undertakings and the long-term economic viability of those areas.

In these circumstances and in order to provide an opportunity for agriculture to recover financially, the government has



decided to provide the following additional assistance by way of the Budget.

First, to avoid too large a fall in the net producer prices of white and yellow maize, R134m is being provided to support these prices. Announcements in this regard have already been made.

Second, a further amount of R400m will be allocated to help those farmers facing sequestration. This aid programme forms part of the broader programme involving changes in the structure of farming systems and the reconstruction of agriculture in the areas concerned; it should also make a noteworthy contribution to the stabilisation of the rural areas, the preservation of job opportunities and regional development, as elements of the broader long-term strategy to which reference has already been made.

The support programmes for agriculture in general included in this year's budget amount total to more than R1bn, which of course places a heavy burden on the taxpayer. But it shows the government's disposition towards the agricultural

sector, and one can only hope that more favourable climatic conditions from now on will provide the opportunity of financial recovery, which in turn will reduce the quantum of state aid going to that sector.

### 6.3.2 Small Business Development Corporation

It is extremely encouraging to note the progress made by the SBDC since its establishment in 1981 in developing small businesses and creating job opportunities.

Some R350m has already been granted by way of loans while some 80 000 new job opportunities have been created and 64 000 jobs preserved. The printed Estimate includes R5m for the SBDC, of which R2m represents the government's contribution to a proposed bank indemnity scheme by which bank loans to small businesses will be facilitated and the position of the SBDC better secured. The remaining R3m is for an interest rate subsidy on the loans of some R60m that the SBDC intends to raise in the capital market.

Insofar as neither the state nor the SBDC's private sector shareholders can now provide the long-term funds the SBDC requires, it will to a greater degree than anticipated have to rely on the capital market to meet its needs and this calls for additional funds for the interest subsidy.

It is proposed that a further R10m be voted for this purpose. It has also become customary for the state to contribute to the SBDC's Pioneer Projects Fund and it is therefore further proposed that R5m be specially voted for this purpose. A total of R15m will thus be included in the Supplementary Estimate for the SBDC.

## 6.4 Adjusted expenditure and tax proposals

Total expenditure, including the supplementary expenditure proposals, will be R46,868bn, which is an increase of 24,7% on the Main Budget for 1986/87 and of 16,2% on the total actual expenditure for that year. If the stimulatory package is left out of account, the latter increase rises to

18% — suggesting that the budgeted expenditures are a not unrealistic reflection of the real requirements of departments in 1987/88.

At this stage the deficit before borrowing is already more than R8,6bn; this is clearly very high, but in the present economic climate and with due regard to the liquid position of the capital market, it is not considered advisable to propose any significant tax changes to reduce the deficit.

There are nonetheless two matters that warrant attention, involving on the one hand a small tax concession promising large benefits and on the other the prevention of tax evasion.

#### 6.4.1 Import surcharge

In June last year further exemptions from the import surcharge on certain imported raw materials for use in manufacturing were announced.

It has now been decided to extend this concession by similarly exempting other raw materials and intermediate products subject to customs duty. The concession will apply only to imported raw materials and intermediate products used in manufacturing and which are cleared after June 3, 1987. Motivated applications for this exemption should be submitted to the Inter-departmental Import Surcharge Committee. This concession is estimated to involve a loss of revenue of about R100m, but it should have a cost-reducing effect on certain goods and should also serve both as a further stimulus to the industrial sector and to promote job creation.

#### 6.4.2 Consolidated fuel levy

As a result of the increasing evasion of duty, levies and sales tax on fuels, it has been decided to consolidate the levies for the Road Fund, the Central Energy Fund, the Motor Vehicle Assurance Fund ("Third Party") and sales tax in a single fuel levy.

The consolidated levy, which will be collected by customs and excise direct from the oil companies, will, however, have no impact on pump prices of fuel. Consumers who currently enjoy a rebate on fuel will in future have to pay the full duty at the time of purchase. Provision will, however, be made in the Customs and Excise Act for a refund of a portion of the duty and fuel levy to those consumers who qualify.

My colleague the Minister of Economic Affairs and Technology, who is responsible for fuel matters, will shortly supply further particulars in this regard. Additional revenue of some R300m is estimated for the remainder of the financial year as a result of this change and of improved collection procedures.

#### 6.5 Deficit before borrowing and financing

When these tax proposals are taken into account the total revenue for the 1987/88 financial year is estimated at R38,443bn.

As the adjusted expenditure total is R46,868 billion, the deficit before borrowing will be R8,425bn, or 4.7% of estimated gross domestic product; loan redemptions are estimated at R2,465bn; and the total financing requirement is thus R10,890bn.

#### 6.5.1 The use of foreign loan funds

Following the introduction of the Debt Standstill on the redemption of foreign loans on September 1 1985, provision had to be made for foreign creditors who were no longer able or prepared to lend on normal market terms to borrowers in SA, but who in the nature of the case could not remove their funds from the country, to deposit them with the Public Investment Commissioners (PIC).

This arrangement was embodied in the First, and now in the Second, Interim Debt Arrangements.

About R2,5bn of such funds has subsequently found its way to the PIC; but the latter sometimes finds it difficult to have these funds placed with private money market institutions, and the money is then invested temporarily in treasury bills specially issued for this purpose.

The Treasury is therefore involved not only in paying interest on a large portion of these funds but also in carrying the full exchange rate risk, inasmuch as the deposits with the PIC are denominated in foreign currency.

In accordance with the Second Interim Debt Arrangements that come into force on July 1 1987, SA will over the next three years repay only 13% of these funds.

It can therefore be accepted that a large portion of these funds will remain with the PIC for a good while yet.

As already mentioned, about R1bn of these funds — which should be regarded as short-term foreign loans — was used in March 1987 in the financing of the 1986/87 Budget. It is proposed that further such funds be utilised by the state in the

1987/88 financial year by way of short-term loans.

The Second Interim Debt Arrangements also provide that foreign creditors can from July 1 1987 convert their short-term claims now included in the net into medium-term loans: after five years the latter loans will be repaid in 10 equal half-yearly instalments over a further five years.

Foreign creditors have shown much interest in this possibility and the Department of Finance has already entered into negotiations with certain of them in this regard.

It is intended to apply R1,2bn of the funds referred to above for Exchequer financing in 1987/88 by way of short- and medium-term loans, but preferably medium-term for the most part. In this manner the foreign funds that by virtue of balance of payments considerations cannot immediately be repaid to foreign creditors will be utilised more effectively in the South African economy.

#### 6.5.2 Other financing

In addition to this foreign finance, the PIC is expected to invest R4,1bn of its normal funds in government stock in 1987/88: about R400m more than in the previous financial year.

Total stock sales of R4,350bn are proposed, of which R1,850bn represents roll-overs and R2,5bn new issues.

In the first two months of the current financial year the Reserve Bank has garnered some R2bn from the markets via tap issues.

Considering the limited further demand for capital market loans, there is no reason for the sale of government securities in the rest of this financial year to exert upward

pressure on interest rates.

Sales of bonds are estimated to yield R520m, while the redemption of R352m of the IMF loan will be financed by a transfer from the IMF Deposit Account.

Taking into account the surplus from the previous financial year of R371m, the total financing proposed is R10,893bn, which leaves a small surplus, estimated at R3m.

## 7 Comparative statement of the State Revenue Account

As usual a summary of the State Revenue Account is subjoined in the printed version of the Budget speech.

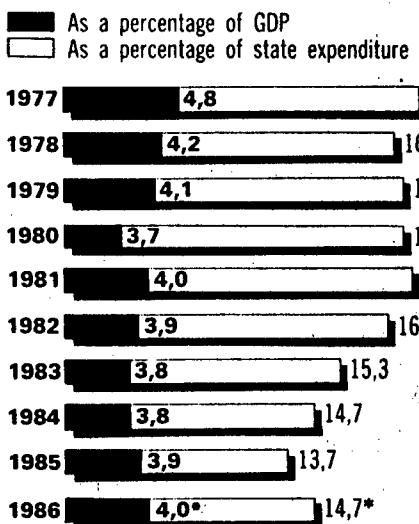
## 8 Concluding remarks

Economic circumstances in SA are presently very propitious for a continuation of the upswing now under way.

Total economic activity established at a low level in 1985 and then began a gradual upward movement, and enough room has now been created for a forward movement at a higher tempo and from a sound base.

1. The 1987/88 Defence Budget. A total commitment authority of RM6 903 with a cash requirement of RM6 683 has been allocated to Defence for 1987/88. This represents a nominal increase of RM1 580 in the commitment authority and RM1 560 in the cash requirement as compared with the main estimates for 1986/87. The difference between the increase in the commitment authority and that of the cash vote is due to the fact that the estimated under

### SADF CASH EXPENDITURE



\*Provisional

### FOREIGN DEFENCE EXPENDITURE LEVELS

As a percentage of 1986 GDP\*



Source: DEPT OF FINANCE - Graphic: JOHN McCANN

expenditure has been increased from RM200 in 1986/87 to RM220 for 1987/88. This allocation is in line with the statement made in the last sentence of the 1986/87 explanatory memorandum ie "It is, however, clearly evident that Defence expenditure will have to be increased from 1987 onwards in order to finance the renewal programmes which have been initiated." Considering the rate of inflation and the extent of the renewal programmes the increase is in fact modest.

2. Commitment Authority in Real Terms. In real terms the 1987/88 budget does not reflect such a large increase as would

appear at first glance. Measured in real terms the 1987/88 budget is in fact less than that of 1984/85 as is evident from the figures below:

3. Finance Act Allocations. Attention is directed to the fact that Parliament allocates two different amounts to Defence. *Firstly*, the amount which the Defence Force is authorised to commit, and which is in fact the actual budget, ie the so-called Commitment Authority (CA). *Secondly*, a lesser cash amount which is the cash required to cover the expected cash flow resulting from commitments entered into under the authorised Commitment Authority. Cash flow

shortages that emanate from this technique are supplemented in terms of Section 1A of the Special Defence Account Act of 1974, normally after the end of the financial year, in the Finance Act. Also, a fact that should not be ignored is that the Estimated Under Expenditure in one year has as a consequence unpaid commitments which are not covered by a cash roll over to the next year.

**4. Defence Expenditure Trends.** The historic trend in Defence Expenditure is reflected in the accompanying chart which expresses Defence spending as percentages of the State Expenditure and of Gross Domestic Product. (Includes Finance Act allocations as well as refunds from Commission for Administration.)

**5. Foreign Defence Expenditure Levels. Comparative Defence Expen-**

diture expressed as a percentage of the Gross Domestic Product of other countries which, with the exception of Israel, are not involved in a war situation like the RSA, are also shown.

**6. Allocation per Arm of the Service.** The following table reflects the portion of the budget allocated per Arm of Service:

	1987/88 %
SA Army .....	39,2
SA Air Force .....	38,6
SA Navy .....	7,5
Overhead Command and Control, Medical and General Support .....	14,7
TOTAL .....	<u>100,0%</u>

**7. Shifts in Emphasis.** The trend of investing an increasing percentage of the budget in modernisation and replacement programmes has been continued.

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CSO: 3400/954

## KNYSNA LATEST IN OFFICIALLY OPENED CENTRAL BUSINESS DISTRICTS

Johannesburg FINANCIAL MAIL in English 10 Jul 87 p 42

[Text]

The Knysna CBD this week became the 48th to be officially opened to trading by businessmen of all races since government started "de-racialising" central trading areas in 1985.

CBDs now "open" are: Johannesburg, Durban, Nelspruit, Estcourt, Howick, Potchefstroom, Cape Town, Ottery, Witbank, Colenso, Delmas, King William's Town, Volksrust, Port Shepstone, Vryburg, Malmesbury, Kimberley, Nigel, East London, Stellenbosch, Queenstown, George, Paarl, Swellendam, Somerset West, Fish Hoek, Port Elizabeth, Bellville, Parow, Hermanus, Pietermaritzburg, Plettenberg Bay, Strand, Still Bay, Verwoerdburg, Eshowe, Worcester, Pietersburg, Montague, Welkom, Milnerton, Benoni, Grabouw, Glencoe, Vanderbijlpark, Gordon's Bay, Springs and Knysna.

Proposals for open CBDs which have been accepted since March last year, but which have not yet officially been proclaimed "open" due to technical reasons have come from: Akasia, De Aar, Edenvale, Empanengeni, Frankfort, Germiston, Graaff Reinet, Harrismith, Kempton Park, Klerksdorp, Kroonstad, Krugersdorp, Kuils River, Mataatile, Mooi River, Moorreesburg, Oudtshoorn, Pinetown, Postmasburg, Prieska, Randburg, Roodepoort, Sandton, Uitenhage, Upington, Virginia, and Westonaria.

Proposals still under consideration by government have come from: Alberton, Balfour, Bethlehem, Bloemfontein, Boksburg, Bredasdorp, Carletonville, Ceres, Douglas, Kokstad, Ladysmith, Messina, Middelburg (Tvl) Newcastle, Port Alfred, Potgietersrus, Pretoria, Richard's Bay, Rustenburg, Swartruggens, Warrenton and Westville.

Only one proposal, from the Bloemfontein Local Board, has been delayed. ■

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CSO: 3400/198

## NAFCOC DISCUSSES ROLE OF BLACK BUSINESS IN POLITICS

Johannesburg SOWETAN in English 14 Jul 87 p 4

[Article by Joshua Raboroko]

[Text]

**B**LACK entrepreneurs' involvement in politics has become inevitable as the traders feel that business in South Africa cannot be divorced from politics.

Business has accepted that they are expected to take symbolic action during unrest in the country.

They have also realised that they have to close their shops during stay-aways called by liberation and trade union organisations, and during commemoration days.

Some businessmen have been detained without trial in terms of the state of emergency. Others have been killed and injured during unrest. Shops have been gutted.

This emerged at the 23rd national conference of the National African Federated Chamber of

Commerce in Johannesburg last week.

Delegates dropped political hot potatoes at the door of Parliament when they asked the Government to abolish apartheid, to release political leaders, to unban the African National Congress, the Pan Africanist Congress and to negotiate with leaders like the jailed Nelson Mandela.

Businessmen have also warned of more violence if the Government does not negotiate with true leaders.

Nafcoc's approach in recent days is a recipe for confrontation with the Government which has said it was disturbing that business and trade unions were moving deeper into politics terrain.

Black business needs to ponder its impotence because it is a middle-class buffer between the Government and forces fighting for liberation.

It remains to be seen how black business can expand and gain more

economic muscle and at the same time retain a credible image in the black community.

Will they be able to cope with campaigns carried out by the United Democratic Front and the Azanian People's Organisation and the youth movements?

Will business stand the pressure and help strangle the economy on which they depend?

Why black business involvement in politics? Nafcoc's president, Dr Sam Motsuonyane, explained: "The black man in business has been the product of a restricted milieu."

### Problem

"He could not escape the problem of his community. Black businessmen have been detained, killed or injured in the current violence," Dr Motsuonyane told the conference.

Delegates agreed that the opposition of most blacks to capitalism was understandable because

of apartheid's influence on business.

They believe business had a duty to limit that influence.

One speaker, managing director of Co-ordinated Marketing and Management, Mr Reuel Khoza, said: "Not only is a black business powerless, but it is politically problematic."

Mr Khoza said black business should play a role in black nationalist projects with educational, labour and political movements.

Dr Motsuenyane said black attitudes had hardened since the state of emergency was declared.

"Black business has been on the periphery of the business community. It has received crumbs from the table of big business. There has been no real involvement. It has been a matter of tokenism. Whatever is happening now is too little too late," he said.

### **Economy**

Nafcoc has recently met the ANC in Lusaka because, according to Dr Motsuenyane, "I doubt if any free enterprise or democratic government would have much to

quarrel with our agreement with this organisation."

He said the ANC believed in a mixed economy. This meant private enterprise on the one hand and joint ownership of certain strategic enterprises — much as existed under the present Nationalist Government.

Nafcoc was prepared to work closely with other liberation organisations which believed in the free enterprise system. They would continue to see the ANC and the PAC.

### **Exploitation**

Dr Motsuenyane said: "Our movement in the fight against oppression and exploitation stemmed from the fact that black business was no longer prepared to be used to perpetuate the status quo."

"Nafcoc was no longer prepared to talk in cliches, but was eager to spell out what political and economic goals it was now struggling for."

"This is why we have refused to participate in the proposed statutory council if the acknowledged leaders are still imprisoned and political organisations banned."

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CSO, 3400/188

## AFRICAN BANK CHIEF GIVES VIEWS ON BANKING, BLACK ROLE

Johannesburg THE WEEKLY MAIL in English 10-16 Jul 87 p 17

[Interview with African Bank Chief Gaby Magomola by Hilary Joffe]

[Text]

THERE were a couple of things which Gaby Magomola, recently appointed chief executive of the African Bank, was reluctant to discuss this week. But what he did give *Weekly Mail* were his controversial views on banking as black nationalist strategy, and on the role of the African Bank in the community.

What Magomola did not discuss — because it is *sub judice* — was the problems in the foreign exchange section of the African Bank's corporate banking division. The bank's foreign exchange trading licence is still under suspension and there are court proceedings investigating alleged foreign exchange contraventions by ex-employees of the bank.

The idea of the African Bank, now 12 years old, was conceived by the National African Federated Chamber of Commerce (Nafcoc), which saw it as imperative to have a black-owned financial institution to stimulate the development of businesses and consumers.

The corporate banking division is a more recent development established to serve large corporations, in part because at the time Sullivan signatory companies were looking for ways to do business with black owned institutions.

**What of the future of the bank?**

I would like to see the bank develop as a South African-owned bank. I would like to move away from ethnicity. It just so happens that we are black-owned and black-managed. You've got a Volkskas and a Sanlam, which are Afrikaner based, and it

doesn't make them less South African. They are models which have worked well to serve those communities. We think the African bank represents that model and if carefully nurtured and carefully managed it can promote economic advancement of the community from which it derives.

**So do you see a parallel with the (early) Afrikaner nationalist strategy of building up a capital base as a way of building the nation?**

My view, which doesn't represent the bank's view, is that any nation which is disadvantaged and has a history of economic denial of opportunities should look at itself and create institutions to get itself lifted by its own bootstraps.

The African Bank represents (again in my view) a vital strategy for economic survival and sustenance. Not only is it black owned, it is a community-based organisation. It seeks to draw national resources from the community and to identify the areas where those resources have got to be redistributed, in the form of loans or advances, to generate capital formation and income. It's not our job as a financial institution to determine the equitable distribution of that income. But we will certainly recycle it back into the community.

**How will the bank do this?**

We're not only a bank that looks after black business. We look after the ordinary person out there who is looking to improve his quality of living. But more importantly we are an institution that's looking very carefully at our black professionals who are coming out of the business schools,

medical schools, law schools and who have nothing to offer as collateral.

So we are looking to be more aggressive in that marketplace; then we will be making the contribution that's expected of a bank that's community based.

At the same time we operate to satisfy our shareholders and we would like to ensure they get returns on their investments.

**What is your view on the legitimacy of black business in the black community?**

That makes things more difficult for us as a bank. Because we are community based and we have to be responsive to the vibrations outside our doors.

I think the rejection of a free market economy by some of our people is an indictment on the structure that obtains in this country to deliver equitably to all sections of the community. When you have this sort of a distortion — where the accumulation of wealth is skewed in favour of one section of the population — it becomes easier to understand why the majority of the population start to question the merits of the so-called free enterprise system.

We don't have answers to that very vital question. But perhaps we can look for more innovative ways of delivering more to our people, within our limited resources, to demonstrate

that if the free market system was left to its own devices there would be more equity.

**How do you think the African Bank is viewed in black communities?**

I think the African Bank is viewed as a very important and vital institution. It is the only independently black-owned financial institution in South Africa. And it is a collective effort of a number of black South Africans.

Maybe one of our shortcomings has been that the bank has not reached out the way it ought to have. But we are only 12 years old and we're growing — and now we are reaching out and making our own people aware that it is their own institution.

**Is the shortage of black managers a problem for the bank?**

We don't have a pool of black banking technocrats, so we are forced to draw from the non-black sector for expertise. We are pragmatic. Whenever we do that, the key thing is the transfer of knowledge. So we will ask them for help. But we will also prepare them to understand they work for a black-owned institution. The cultural value system may be different, and to that they must be able to relate. But on the financial and legislative system there is no compromise: we are going to be judged like other South African banks.

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CSO: 3400/188

## FARM DEBT GROWS: GOVERNMENT AID SEEN FUTILE

Johannesburg FINANCIAL MAIL in English 3 Jul 87 p 76

[Excerpt] The ever-growing farm debt, now standing at more than R14 billion, is casting longer and longer shadows. And government's recent R400m aid package will do little to help.

Commercial banks alone are now owed more than R4 billion by their farm debtors, while the total farm interest bill amounts to some R1.8 billion/year.

It is also becoming clear that it might be decades before things down on the farm get "back to normal." And, of course, for many normality will never be restored at all if government takes the unlikely step of allowing all technically insolvent farmers to go to the wall.

Says Volkskas agricultural economist André Louw: "It could take 15 years or longer to restructure agriculture in the northern summer-rainfall region, where most of the worst debt cases are found."

And even then "this would imply far greater financial involvement by government. Banks cannot indefinitely allow their farm debt books to increase, based only on vague promises and the possibility of next year's rains."

First National Bank chief agricultural adviser Frans Venter says government will have to create enough cheap funds if it wants to retain an acceptable number of farmers on the land.

Maize belt farmers — as well as many northern red meat producers who have been hit hard by the five-year drought — are the worst short-term debt offenders.

Their problem is due to a combination of an unrealistic cost-plus pricing system that lost farmers much of their local and export markets; overspending on costly and unproductive inputs; weak financial management; and dwindling cash-flows due to drought-induced crop failures. Farmers also blame inflation, which sharply pushed up input costs, and the low rand which increased the cost of imports.

Government's restructuring plan for agriculture includes a shift away from uneconomical maize to other crops such as sorghum, wheat, sunflower, soya, cattle and sheep. But such a shift could take years, while the debts keep on escalating.

"We have now been forced to change the adage 'a rolling stone gathers no moss' to 'a rolling loan gathers no loss,' but even this South American 'solution' cannot last forever," says Louw.

Meanwhile, the Maize Board's new pricing system — and the first reduction in maize prices in ages — has been welcomed by bankers as the first positive sign that farming lobbies now recognise the gravity of the problem. But they fear that government is still trying to "sweep back the sea with a broom."

In Louw's view "if government is serious in its intention to 'save' agriculture, we need a massive injection of cash by government over a number of years — the R400m package is a loan, not a grant. Alternative marketing and pricing structures will also be necessary. The proposed two-market system for maize is a possibility, as well as Nampo's suggestions that government subsidise the export of 2 Mt of maize annually."

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## JOB CREATION PROGRAM SUCCESSFUL IN PROVIDING SHORT-TERM RELIEF

Johannesburg FINANCIAL MAIL in English 10 Jul 87 p 42

[Text]

Government's R600m special employment creation programme has been largely successful in providing short-term relief, according to Simon Brand, chief of the Development Bank of Southern Africa (DBSA). He was speaking at a conference this week, at which the report on the programme was released.

The project was launched in September 1985 to cope with the high rate of unemployment. Currently, 2.4m people are believed to be out of work.

Between September 1985 and March 1986, nearly 300 000 people were accommodated in temporary jobs, involving an allocation of just over R300m. The training programmes involved some 250 000 people, of which about 35% found immediate employment. The project also assisted small businesses through which 28 000 jobs were created or maintained, and more than a million people received food relief of more than R10m.

The DBSA has given qualified approval to

the project. But unemployment remains a problem, and the bank suggests that any future project should also address long-term structural unemployment problems. Dawie Crous, Marketing Head of the Small Business Development Corporation (SBDC), says the body receives inquiries from about 1 000 people a day for financial and other assistance.

It is estimated that it costs R90 000-R120 000 to create a new job in a large enterprise, while in small businesses jobs can be created for about R120-R12 000.

Crous says the SBDC has created and maintained 148 570 jobs at an average cost of R2 400 each since 1981. The recent shoe polishing project has been particularly successful, with jobs being created at the "ridiculously low" cost of R50. On a good day the shoeshiners can earn up to R25.

□ Manpower Director General Piet van der Merwe says R100m will be allocated for job creation and R75m for training during the present financial year. ■

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## NATION SEEN LAGGING IN ELECTRONIC FIELD

Johannesburg THE CITIZEN in English 10 Jul 87 p 9

[Article by Brian Stuart]

## [Text]

CAPE TOWN. — South Africa is importing too many electronic components — the basis of modern communications, computer and home electrical equipment — and instead must start developing her own.

This is the crux of a report to the government by Board of Trade and Industry, which investigated the South African electronics industry.

It found that South Africa was lagging behind in the electronics field, the fastest-growing industry in the world.

The country imports components for assembly in South Africa at prices inflated by tariffs and the exchange rate.

According to the report, the development of the electronics industry within the country would reduce dependence on imports, create new jobs, boost economic growth and enable South Africa to participate better in world markets.

In addition, there were strategic factors such as the need for local electronic technology in the security service.

Mr Danie Steyn, Minister of Economic Affairs and Technology, told the recent inaugural meeting of the Advisory Council for Technology that the government had considered the report.

"The government has decided that the development of the electronics industry justifies further support," he said.

Specific recommendations of the board were referred to the advisory council which would co-opt experts from the private sector and universities.

The development of local technology is also expected to receive a boost when the new Stellenbosch Technopark becomes operational, possibly within the next year.

The private sector, Parastatal Institutions and Scientists will work together at the Technopark on hi-tech products.

The report also said the

state should play a role in the development of hi-tech industries, as has happened in Israel, Japan and Taiwan.

It was clear the use of electronic equipment had become important in virtually every field of economic activity and was becoming more so, Mr Steyn said.

Some of the important conclusions:

- South Africa cannot afford to use outdated electronic technology;

- South Africa must eradicate the relative backlog in the local manufacture of electronic products, and

- South Africa must improve the present poor export performance of its local electronics manufacturing industry.

The board called for the promotion of the industry in all its facets, including consumer electronics (such as TV sets, stoves and refrigerators).

"No country can afford to ignore the electronics manufacturing industry either in respect of its military and strategic significance or in respect of its economic strategic importance," he said.

The world consumption of electronic components in 1983 amounted to R716 billion.

The average growth rate in electronic production from 1983 to 1988

was 14,2 percent in North America, 23,7 percent in the Far East, 13,9 percent in Western Europe, 16,2 percent in the rest of the world and only 2,5 percent in South Africa.

The level of research and development in South Africa was "inferior" to that of countries such as Togo, Somalia, Kenya, Egypt, South Korea, Ghana, Madagascar and Senegal.

South Africa was also lagging behind in employment provided by this industry, he said.

"The emphasis in the South African export effort should be placed increasingly on manufactured products with a high local added value, and at the same time achieve a reduction in imports of finished manufactured products," said the report.

It was estimated that about 70 percent of merchandise imported consisted of finished products, while exports of finished products declined from 19 percent in 1969 to 13 percent in 1984.

A lack of confidence in South African design capabilities was unfounded.

Local engineers had adequately proved they could produce products that were unique, original and technologically at the forefront of the world developments.

## COMMERCIAL CONSTRUCTION INDUSTRY SHOWS SIGNS OF RECOVERY

Johannesburg FINANCIAL MAIL in English 3 Jul 87 p 69

[Text]

There are signs of a recovery in the commercial construction industry in the latest statistics available on private sector building plans that have been passed. But experts are still cautious about the scope of an upturn.

The total value of building plans passed in April was R438m — 23,4% up on April 1986, mainly due to an increase of 77,4% in the value of non-residential building plans passed on the Witwatersrand.

On the other hand, the total value of buildings completed in April decreased 38,1% year-on-year, falling from R365m to R226m. The main reason for the fall was an 86,3% decrease in non-residential buildings completed. These figures probably reflect the bottoming of a market which has been struggling for the past two years.

However, Wits building scientist Ron Schloss says that while an increase in the building plans passed is a good indicator, too much should not be read into the figures just yet.

"Plans are passed for buildings which may never be built," he says, "and most of the new plans probably result from a need to reduce the backlog after three years of stagnation. Some essential developments could simply not have been delayed any longer."

On the other hand, major construction and engineering companies are recruiting staff and say they aren't working to the tight margins prevalent even six months ago. This means, as usual, that developers will face higher contract costs the longer they delay.

In addition, major developers are hoping that with so few buildings completed in the past two years, and businesses expanding as the economy improves, there will be a shortage of office space by the end of the year.

This would explain why, as architects and construction companies confirm, most commissions are coming from the large institutions in the private sector. They can afford to build now and let later, while the smaller developer tends to wait for the oversupply to be mopped up before contemplating building.

Stellenbosch Bureau of Economic Research economist Tertius Beyers says he is surprised at the rapidity of the turnaround in commercial building: "There's usually a considerable lag between a general recovery and a recovery in this sector."

But, while he agrees there are some signs of improvement, divisional director for construction at Murray & Roberts Neil Fraser believes it's too early to tell if the figures are a true reflection of the state of the industry.

"Office lettings in selected areas are picking up, but we've been in the trough for so long we're scared to say the recovery is taking place."

One company which obviously has no such qualms is Rapp & Maister (R & M), the property arm of insurance giant Liberty Life. It has, for example, just started construction of a R17m office complex on a prime site in Sandton's CBD. The project comprises three interlinking buildings, with a total of about 10 000 m<sup>2</sup> of office space and will be completed by October 1988.

No doubt R & M's confidence is boosted by the fact that it has just finished letting another massive Sandton building, Liberty Park. Demand is high for space in Sandton, but it is picking up more slowly in downtown Johannesburg and its suburban commercial areas.

The figures for other main metropolitan areas also show an increase in plans passed

and a decrease in buildings completed. For example, the value of plans passed in Durban went up by a massive 374%, from R11m in the first quarter of 1986 to R52,3m in the same period this year. This is already more than the total for the whole of 1986. But the value of buildings completed fell by 35,7%.

The contrast is also marked in the Vaal Triangle where the value of buildings completed in the first quarter of 1987 fell by nearly 98% on last year — from R8m to R175 000. Building plans passed, however, increased by more than 76%, from R3,8m to R6,7m.

Some centres, however, are against the trend, largely because they are still hard-hit by regional economic problems. In Port Elizabeth the value of buildings completed rose from R388 000 in the first quarter of 1986 to R1,4m in Jan-March this year — a 260% increase — while the value of building plans passed declined by 12,5%, from R885 000 to R775 000.

Similarly, in nearby East London the quarter-on-quarter value of buildings completed increased by 118% from R3,7m last year to R8m, but the value of building plans passed fell by 82% from R3,3m to R597 000.

And, Fraser says, industrial property development is still very quiet, as shown by the figures: the value of industrial and warehouse space plans passed in SA's 22 principal municipalities declined by 32,7%, from R85,3m in the first quarter of 1986 to R57,4m in the same period this year. ■

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ECONOMIC

SOUTH AFRICA

COMMENTARY CITES INDICATIONS OF ECONOMIC UPSWING

Report from Stellenbosch University

MB161358 Johannesburg International Service in English 1100 GMT 16 Jul 87 p 1

[Station commentary: "South Africa's Economy"]

[Text] There have been further indications recently that South Africa's economy is set for a period of vigorous growth. Stellenbosch University's Bureau for Economic REsearch says in its latest report that the current upswing in the economy is expected to continue until at least the middle of 1989. It forecasts a drop in the inflation rate to just over 14 percent by the end of this year and to 13 percent by the end of next year.

One of the most important factors governing the turnaround in South Africa's economic fortune was the favorable arrangement made earlier this year between South Africa and its main creditor banks. Since South Africa declared a debt standstill in 1985 it has made debt repayments of about \$4,000 million. This is an achievement unmatched by any other country; and, in the chronic world debt situation, it is an achievement that has rightly impressed international banking and financial circles.

In the first year, South Africa has brought about precisely the right kind of growth oriented adjustments. Evidence of this is that the deficit on the current account of the balance of payments has been transferred into a large surplus; the overall improvement in the foreign debt situation; the increase in reserve bank gold and foreign exchange reserves from \$1,800 million in June last year to \$3,250 million in June this year; and the appreciation in the country's currency from a low point of 36 U.S. cents in June last year to its present level of about 49 U.S. cents.

All this has had a beneficial effect on business confidence in South Africa, at home and abroad after one of the most difficult periods in the country's financial history. While it cannot be said that the South African economy has recovered completely from the many negative effects surrounding it over the past 2 and 1/2 years, it is certainly on the mend.

Upswing for Short-term Only

MB140935 Johannesburg SAPA in English 0911 GMT 14 Jul 87

[Text] Cape Town, 14 Jul, SAPA--Information available suggests that the upswing in the South African economy cold be short-lived, according to the

latest survey of economic prospects by the Bureau for Economic Research at Stellenbosch University.

The survey says, however, that the upswing should last "at least" until 1989.

No sharp growth is foreseen and business activity levels are expected to remain low.

While all the "traditional" determinants of vigorous growth are in place, the socio-political and confidence problems remain.

"If feasible solutions can be found to these, our long-term economic prospects will brighten," the survey concludes.

Projected growth will restore private consumption expenditure to the levels of 1984; gross domestic fixed investment to 1973 levels; gross domestic expenditure to 1980/81 levels; and exports and imports to 1985 and 1979 levels respectively.

"Clearly, the growth that we foresee is not likely to bring down unemployment by much, nor is it likely to cause problems in the balance of payments current account. It should also not impact negatively on inflation."

The fact that exports are already suffering from the effects of sanctions, coupled with a slowdown in world trade, suggests that the upswing could be short-lived.

Expected 3 Percent Growth Rate No Longer Probable

MB211529 Johannesburg Domestic Service in English 1500 GMT 21 Jul 87

[Text] In spite of the tax and monetary policies being followed, it is improbable that the South African real economic growth rate this year will reach the government's expected 3 percent. Our economic news staff reports that this is the view of leading economists and several major financial institutions after initial optimism during the 1st quarter of this year, prompted by a stronger gold price. Warnings have not been sounded that there should be a downward adjustment in economic growth rate previews.

In this connection, it is expected that the country's gross domestic product will show an inflation related increase of 2 percent, in spite of concerted efforts by economic policy makers to induce growth. In its report issued today, SANLAM [South African National Life Assurance Company] said it was improbable that the demand for goods and services would improve to such an extent during the next 6 months that a 3 percent growth rate would be achieved.

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CSO: 3400/185

## HELP FOR BLACK TAXIS

Johannesburg FINANCIAL MAIL in English 10 Jul 87 p 74

[Text]

In an unusual move towards stimulating small black business, Total SA has entered into a preferential agreement with the Southern African Bus and Taxi Association (Sabta, formerly known as the SA Black Taxi Association).

Local taxi associations will be offered a direct shareholding in a number of existing and new service stations catering specifically for their needs.

The idea is to enable black taxi owners to share in the profits derived from the money they spend at service stations. James Chapman, Sabta's national adviser and chief planner, says the agreement combines his members' traditions and methods on the one hand and the technology and trade practices of a large and sophisticated oil company on the other.

"We would like to help black economic development in every way we can. The black taxi association is the first really

dynamic industry founded by blacks themselves and is based on small business principles — the best type of enterprise for us to foster," says Total marketing manager Allen Rose-Innes.

New service stations will in due course be developed and financed by Total at suitable sites. Total's Andries van der Walt says these will be designed in close consultation with Sabta and the local taxi association operating in the area to provide the type of services and facilities peculiar to the local taxi owner's needs.

The stations will be managed by Sabta with Total's assistance, but the local taxi association will actually own the business.

The service centres will also offer training facilities. Taxi owners are to be offered lectures and courses on a variety of business, technical, safety and other subjects.

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CSO: 3400/195

## HEX RIVER TUNNEL BORED THROUGH

Johannesburg FINANCIAL MAIL in English 12 Jun 87 p 83

[Text]

The 13,5 km Hex River tunnel built at a cost of more than R30m for Sats by Comiat (SA), a French construction firm, has finally been "bored through."

It is the longest tunnel yet built in SA, more than twice as long as its closest rival, the 6 km Cedara-Boughton tunnel on the Johannesburg-Durban line. It is also probably the most controversial. Adverse tunnelling conditions caused it to overrun budget considerably, which led to several disagreements between the contractors and Sats.

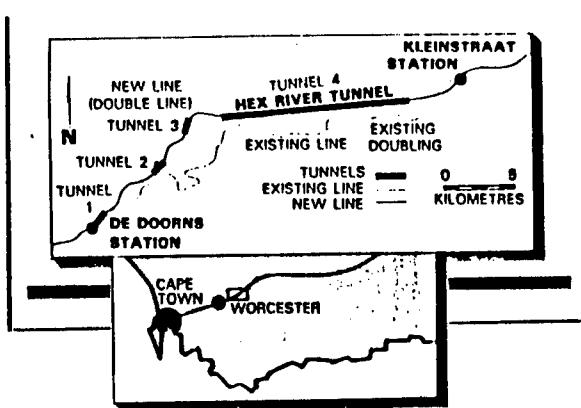
It is part of the more than R60m De Doorns-Kleinstraat deviation which will have three other tunnels, shorten the Cape Town-De Aar route by 8 km, and eliminate much of the lines' curvature. Minister of Transport Affairs Eli Louw estimates this will save Sats R60 000 a day, by enabling it to run longer trains and reduce the number of daily train trips by six.

The deviation was conceived and started by F C Sturrock when he was Minister of Transport in the 1940s. He was concerned by the steep gradients and curves in the line between De Doorns and Kleinstraat, which limited the length of trains using it.

He thought tunnelling would be the answer. Plans were drawn up and work was started in 1948, but later stopped in 1950 because of a shortage of funds.

There were several stop-starts after that. In 1974 work started on doubling the line between Orchards and De Doorns, the new De Doorns station and the twin tunnel immediately north of the station. This was completed in 1976, and work stopped again.

Three years later it was decided once again to go ahead with the scheme, and in August 1980 Comiat (SA) was awarded the contract to build the 13,5 km tunnel.



## NEW EXTREME RIGHT-WING GROUP SEEKS TO BANISH BLACKS

Founder: Swing to Right Not Enough

Johannesburg THE CITIZEN in English 14 Jul 87 p 8

[Text] **SOUTH** African voters swung to the Right in the May elections, but for a professor of bio-chemistry who lives in Johannesburg, the swing was not far enough. Not by a long way.

Professor Johan Schabot is so Right-wing he thinks Adolf Hitler's cause was just and the Holocaust never happened, it was a lie fabricated to discredit the Nazis.

More pertinently to the situation in Africa, he says the continent is being destroyed by Blacks and in order for White South Africans to survive, all non-Whites must be banished to their own "homelands".

Prof Schabot's views surfaced last month when posters appeared in Johannesburg streets bearing the legend "Stop Terror — Repatriate All Non-Whites", written in English and Afrikaans.

At the top of the poster was a black symbol that looked similar to a Swastika.

The Johannesburg City Council banned them, saying a junior official

had erred by allowing them to be displayed.

The only clue to the source of the posters were the initials "BBB" on the bottom of the poster. These stand for Blanke Bevrydings Beweging, which means White Freedom Movement, and Mr Schabot is the movement's self-proclaimed leader.

"We started about two years ago, and now we have significant support all over the country," said Prof Schabot.

"We are racist. Our policy is racist," he added with the unabashed candour.

Last week the BBB filed a formal complaint with the police accusing a group of White South African Liberals of treason for holding talks in Senegal with the banned African National Congress.

Prof Schabot, who gave up his academic career last year to concen-

trate on promoting his cause, declines to say how much backing he has. That will become clear at a national conference of BBB supporters planned for next month, he said.

He added that he had the support of one Conservative Party Member of Parliament.

How Right-wing is the BBB?

Prof Schabot says it is certainly more extreme than the AWB, which also has a Swastika-like symbol.

The BBB goes further than others by asserting that there is no place at all in "White" South Africa for non-Whites, not even as a 'cheap' labour force.

The claim that South Africa depends on non-White labour is a lie, he says, noting that "White" nations in the rest of the world manage to get by, even those without the mineral riches enjoyed by South Africa.

Where would South Africa's 30-odd million Blacks, Asians and Coloureds go? Prof Schabot says they should go to the homelands. —

## Posters Found Offensive

Johannesburg SOWETAN in English 29 Jun 87 p 6

[Article by David Capel]

[Text]

A NEW Afrikaner political movement — which proudly claims to be more right wing than the extreme Afrikaner Weerstands beweging — has reared its head in Johannesburg, calling for the "repatriation of all non-whites".

But the Johannesburg City Council reacted promptly, removing the organisation's "offensive" posters from trees and lamp posts almost as quickly as they went up.

The Boere Bevryde gingsbeweging (BBB) — which, like the AWB, has a logo remarkably similar to that of the Nazis — placed several posters in the city centre as well as in other towns on the Reef. They said: *Stop terror — repatriate all non-whites.*

The BBB's leader, Professor Johan Schabot, said his organisation believed in "putting things bluntly".

It rejected the "half measures" of other right wing groups and wanted all blacks to be removed from urban areas.

### Boobed

The Johannesburg City Council's Management Committee chairman, Mr Francois

Oberholzer, admitted that a junior official had boobed in allowing the posters to be put up.

"This official unfortunately had little perception of the council's attitude on these things. We found the posters very offensive and harmful to race relations," Mr Oberholzer said.

Professor Schabot, speaking from his home in Auckland Park, claimed the BBB had been in existence for two years, but had only decided recently to come more decisively to the fore.

Professor Schabot is a former professor of biochemistry at Rand Afrikaans University.

He refused to say how many members the BBB had. But he claimed nationwide support, saying the BBB had committees in all four provinces and had the backing of many English-speaking South Africans.

Blacks, Professor Schabot said, "should be able to look after themselves". There was no reason why whites should look after them. He proposed that coloureds should be sent to "their trust areas which have already been established". Indians could go to the homelands with blacks.

Professor Schabot said the BBB did not see

the AWB as a rival. "We are not fighting them, but we believe we are more right wing than they are," he said.

The BBB is a "white people's liberation movement" which stands for "the white man first, under all circumstances; removal of all non-whites from white South Africa; and a halt to guardianship over non-white races".

It wants Afrikaners, and whites generally, to be freed from "spiritual and economic slavery" and calls for the "honouring of the white race, the expansion of white Western civilisation and the technological development and protection of the cultural heritage of the white race on a global basis".

Professor Schabot said he believed it was not long before the economy would be destroyed "by non-whites moving into higher positions in industry and other sectors".

Whites, he said, did not need blacks in the economy. "We have all the mineral resources we need . . . we are richer than any country in Europe," he said. Professor Schabot did not say how the country's mineral wealth should be exploited.

### Racist

The BBB wants all blacks "to return to the homelands". Its repatriation policy was only part of a "bigger plan" which he did not elaborate on.

Professor Schabot was quoted recently as saying the BBB was the only right-wing organisation in the country which made no bones about its racist leanings.

"We are racist. Our policy is racist. We look after our own and stand against other sorts," he said.

Professor Schabot said he expected the "left-wing" Government to remove the BBB's posters. He did not say whether the organisation planned to put up more posters.

Although the BBB's membership is unknown it is likely it will draw meaningful support in urban and other areas.

Many observers were surprised recently when the AWB drew a capacity pre-election crowd to a rally in the Johannesburg City Hall — bigger than any audience for political parties fighting the election. The observers thought the AWB's support was confined to the platteland.

## HIGH COST OF FOOD SAID BEHIND INCREASING WORKER MILITANCY

Cape Town THE ARGUS in English 17 Jul 87 p 1

[Article by Dick Usher]

[Excerpt]

ROCKETING food prices are a major factor behind a wave of increasing worker militancy in the Cape Town region, according to trade unionists.

They say that the go-slow by municipal cleansing workers is only one of a series of industrial actions launched by workers in recent weeks because of food prices eating away their pay packets.

Another strike is threatening in the food industry and industrial action by the city's cleansing workers might spread to other departments.

Food prices in Cape Town were a huge 32.7 percent higher this May than a year ago, well above the national average rise of 25.8 percent, according to figures released by Central Statistical Services.

The Food and Allied Workers Union (Fawu) is locked in dispute with two of the largest companies in the staple food sector, which faces the threat of a national strike.

**SPIRALLING**

A Fawu statement announcing the disputes said that huge profit increases by the companies had been accompanied by spiralling food prices.

Latest figures indicated that this was the main contribution to rising inflation.

Unionists point out that food is the major component of worker spending and the heavy price rises have further hit pay packets already seriously eroded by the failure of pay increases to keep track of inflation.

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## SOLOMON MAHLANGU FREEDOM COLLEGE DESCRIBED

Lusaka SECHABA in English Apr 87 pp 12-15

[Article by Teacher Freda and Teacher Anna]

[Text]

*This month, it is eight years since Solomon Mahlangu was murdered by the South African regime. A hero of the South African people, he was the first member of Umkhonto We Sizwe in the 1976 generation to die on the gallows. His name is now given to the large and rapidly growing ANC educational complex in Tanzania. By educating our youth, by helping them develop into full human beings and cadres of our movement, we remember him.*

*This article is written by two teachers who taught at the primary school. It is not their intention to present an analysis or evaluation of the Solomon Mahlangu Freedom College, to assess to what extent it is successful in carrying out ANC education policy, or even to state what its major problems are and its attempts to solve them. Their intention is simply to give readers a general view, and a feeling of what it is like to live and work there.*

Situated in Mazimbu, on an old sisal estate given to the ANC by the Tanzanian Government, is an educational complex different from all others. It is called the Solomon Mahlangu Freedom College (SOMAFCO) after a young freedom fighter who was hanged by the South African regime in 1979.

The place is a living memorial to Solomon Mahlangu. It also enshrines the names of other South African heroes and heroines. In the Primary School, there is a Mandela Bush Club in which children learn the skills of the bush. Various buildings and sectors are named after Lilian Ngoye, Charlotte Maxeke, Kate Molale, J B Marks and Eli Weinberg. Part of the Mazimbu complex is called Kliptown. The name of Ruth First is commemorated at the Development Centre, run by the ANC at nearby Dakawa.

SOMAFCO was conceived after the 1976 student uprisings, and was originally intended as a secondary school to provide for some of the young people who had left South Africa — many of them with the expressed purpose of seeking an education and training they could not receive

at home. Classes began late in 1977, the building of the school and dormitories began in 1979, and only a few years later, President Tambo described the complex at Mazimbu as "a picture of modern Africa."

#### Rapid Development

Mazimbu is in one of the most fertile parts of Tanzania. There are a few streets, the buildings are one-storeyed — school buildings, dormitories, offices, neat new houses in garden plots, or yellow and whitewashed buildings dotted through the complex as reminders that the site was originally a sisal estate. To the south and west are mountains, craggy and misty enough to hold your gaze at all times; to the north and east is flat open space; and there are acres of sky. Its African beauty, dominated by the mountains, is powerfully mirrored in the children's art and poetry.

Apart from the secondary school, there is now a Primary School; the Charlotte Maxeke Children's Centre, incorporating the Nursery School and the Day Care Centre; the Kate Molale

**Mother and Baby Home.** In this short time, the whole Mazimbu complex has developed — dormitory blocks, staff housing, several halls, including the J B Marks Hall and the Lilian Ngoyi Hall; the ANC Holland Solidarity Hospital, a library, administration offices, the Eli Weinberg photographic laboratory and various workshops have been constructed. There are small industries and a horticultural section. A large farm has also been developed. All these sectors make a substantial contribution to meeting the needs of the community.

The people of Mazimbu are not helpless refugees — their aim is to become as self-sufficient as possible. Nevertheless, without the tremendous solidarity and support that has come from sympathetic governments, organisations and individuals, the complex could not have been built. And this help is still needed.

It is here in Mazimbu, and in Dakawa, that our people learn the job on the job, and so receive training and experience which helps to equip them to be cadres of the movement.

#### **Education for Liberation**

On the formal academic side, the secondary school aims at providing the qualifications which enable students to take up scholarships all over the world. They then return to sections of the movement — perhaps to Mazimbu itself — to continue to play their part in the struggle for liberation.

Learning at Mazimbu at all levels, from day care to adult education, is based on the Freedom Charter, and consequently involves complete rejection of Bantu Education. ANC policy states that education will be revolutionary, dynamic and universal. It will bridge the gap between mental and manual work, and it aims at creating a new type of South African, dedicated to serve the interests and needs of the South African people as a whole, both before and after liberation.

In a speech in Mazimbu in 1983, in which he commemorated the death of Solomon Mahlangu, O R Tambo said:

"SOMAFCO ... will not be an institution of superhumans, but it will be an institution in which we have developed in our students a profound commitment to our cause, and therefore a very high level of discipline, efficiency and capability. To be here, for you, students of SOMAFCO, is to be on a mission. The mission is to qualify, to do your work, to pass your examinations, to move on as required. The basic consideration is: what are the needs of our struggle today and tomorrow?"

The programme is being put into practice

throughout the complex, beginning in the Children's Centre, where the little ones learn traditional songs and dances as well as those reflecting the struggle for freedom. They listen to folk tales, and to other stories, stressing co-operation, friendship, justice and self-reliance, and they participate in celebrating national days with the rest of the community. At a graduation ceremony of teachers, three-year-olds stood up and sang, "Solly Mahlangu, you are a hero of South Africa." And they are also encouraged to work and play together, to help each other in every way, and to take part in the care of the environment.

#### **A Corner of South Africa**

SOMAFCO, and indeed the whole Mazimbu complex, are unique for many reasons. There is the physical situation — in a way, a landlocked island in exile. The complex is surrounded by Tanzania — small villages, a town nearby — but most of the people are confined to Mazimbu most of the time. They live in a situation quite different from that of the Tanzanians, and have their own languages and culture. Although an increasing number of children have Tanzanian mothers, and speak Kiswahili fluently, they spend most of their lives in what the ANC Secretary of Education, Comrade Henry Makgothi, has called: "a little corner of South Africa (which) has emerged in Tanzania."

• To Mazimbu have come people of different ages and nationalities. The majority are South Africans. There are cadres of our movement who left South Africa many years ago to carry on the struggle in Tanzania and the Front Line States. There are their children and their families. There are the more recent arrivals and there are volunteers — the solidarity workers from Scandinavia and other European countries, from Africa and from the socialist countries, including Cuba.

Apart from the philosophy on which the education is based, there are other factors that make SOMAFCO different from other schools. Many pupils have been through horrendous experiences; some are survivors of the massacres at Matola, Maseru and Gaborone; some remember suffering at the hands of the South African police at home. The majority are without their parents. Some are so unhappy and distracted that learning can be virtually impossible. At all ages, they need a great deal of understanding and tender, loving care.

There is the additional factor of the frequent shortage of teachers, especially trained ANC teachers. The position is improving in all the sectors, and the Primary School has been particularly fortunate in that SIDA, the Swedish international aid agency, has set up a special one-year

course for ANC teachers, and the teaching practice is done at SOMAFCO. But it is in the nature of the place that people are called to different tasks or sent to study abroad. Most of the children live in dormitories, far away from their parents — if they have parents — and there can be a high turnover of adults coming into and out of their lives suddenly and uncertainly. However, teachers, social workers and the community try to tackle these problems, and one of the tremendous rewards is to witness the healing process. There are some dramatic cases of severely damaged children who eventually settle into normal school life.

#### **"To Love their People and their Culture"**

Everyone is conscious of the political reasons for the existence of SOMAFCO. All learn the history of the ANC, and they are reminded in many ways, every day, that they are ANC cadres who have a duty to their country and people. The children learn and write revolutionary poems, poems about death and war, poverty and loss, freedom, liberation and peace. They quote the words of their leaders, and write letters about their lives and beliefs to others all over the world.

The children are very interested in world news and events. The death of Olaf Palme, for instance, started an avalanche of poems, letters and pictures. They have a great vitality and an enormous capacity for enjoyment of words, music and dance. They have a voracious appetite for books and information, especially about their homeland. Apart from reflecting the African landscape around them, the art work is of a highly political nature. There are some strikingly good artists and poets — some of a young age — whose work has been used in the struggle, and exhibited internationally — recently in Japan, for instance.

The Freedom Charter declares that: "The doors of learning and culture shall be opened ..." and people shall learn "to love their people and their culture."

#### **National Days Commemorated**

Culture plays a very important part in the life of the people of Mazimbu. It is integrated into the curriculum, especially of the Nursery and Primary Schools, and there are many cultural events, including those which form part of the celebration of South African national days. Tanzanian national days are also celebrated. Celebrations can begin with a *toi toi* — the morale-building dawn jog around the complex — followed by the raising of the flag. On occasions such as the celebration of Nelson Mandela's 67th birthday, there is a *Letsema* — a communal labour programme.

Last year marked the tenth anniversary of the Soweto Uprising. Several teachers at Mazimbu had been directly involved. They spoke to all the

pupils from six to 16 years old, and a powerful message came through of the importance for our struggle of education, and therefore of SOMAFCO. One young woman teacher had read about SOMAFCO in South Africa, and came out to complete her high school education. She joined the Primary School while waiting for a scholarship. She told a group of children aged 9 to 13:

"With your pens and your paper, with your English and maths, with your culture, you can fight apartheid."

The youngest children acted out the Uprising of June 16th, the oldest held serious political discussions with their teachers and others in the community who had been involved in the Uprising — and at all ages, there was the usual flood of prose, poetry and art.

#### **Hard, Rewarding Work**

Teaching at SOMAFCO is not easy. The frequent shortage of suitably qualified ANC teachers, the psychologically and emotionally damaged children, the shortage of some of the necessary teaching materials, are not the only problems. English is the medium of teaching throughout the schools, and English is the second or third language for all the younger children and many of the older students and teachers. In one primary class of 20 children, 13 different spoken languages were identified.

Then there is the enormous range of educational background within any age range. Teachers have to prepare a good deal of their own materials. There is ongoing discussion amongst those in the educational sector about how best to overcome the difficulties there and provide the sort of education that is needed.

Teachers are also involved in running clubs for their students, and in dormitory, evening study and other duties. Like all members of the community, they have to share household duties. Some teachers have their own young children to care for. There are ANC meetings, as well as those for the whole community, including the solidarity workers. A young primary school teacher said that at the end of a day's work she felt as if she had carried three bags of mealies — but she found it rewarding and worth while. She knew she was playing her part in the struggle.

#### **Busy Community Life**

Secondary school students have regular nightly news briefing sessions — they take turns in monitoring the daily news. They have a Students' Council and are active in their own student affairs. Teachers have regular staff meetings and political discussions covering a wide range of topics. There are regular Production Unit

meetings for all working sectors. It is no wonder that it can feel like carrying three bags of mealies!

As yet there is no social centre on the complex. Leisure time is spent in sporting activities, watching videos, in cultural activities and in meeting friends at home. The houses are shared by ANC members of the community, as well as the solidarity workers, and they reflect traditional African hospitality. The Nursery boarding section, the Primary and Secondary dormitories, hold parties, discos and video shows. As in any community, there are birthday parties, weddings and funerals. As at home, the funerals can be moving political events.

Visitors from all over the world come to see this "window into a future South Africa," as SOMAFCO has been called. SOMAFCO, Mazimbu and Dakawa are part of our struggle. There are considerable problems which have to be faced, and solutions sought. The struggle continues, and victory is certain.

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SOCIAL

SOUTH AFRICA

BRIEFS

MUSLIMS SAY NO TO SADF--South African Muslims are forbidden to serve in South African or Namibian armed forces because of the SADF and SWATF support for the "apartheid state," say senior members of several Islamic organizations. A campaign to organize southern African Muslims against conscription in South Africa and Namibia is to be launched by various Islamic groups. The case of 26-year-old Namibian Mr Rashid Rooinasie, of Katutura township, outside Windhoek, was the focus of a press conference in Athlone yesterday, at which Muslim leaders spoke out strongly against government attempts to widen the conscription net in South Africa. Namibian men of all races are eligible for call-up. Mr Rooinasie said he had been called up under the Defence Act of 1980 to render two years' national service in the South West Africa Territory Force (SWATF). He has refused to heed the call-up. [Text] [Cape Town CAPE TIMES in English 15 Jul 87 p 2] /9274

CSO: 3400/0200

**MWINYI SAYS PACT WITH IMF NEEDED TO CURE ECONOMIC PROBLEMS**

**Dar es Salaam TANZANIA DAILY NEWS in English 8 Jul 87 p 1**

**[Article by Mussa Lupatu]**

**[Text]**

PRESIDENT Mwinyi has said that the agreement which Tanzania has signed with the International Monetary Fund (IMF) is a bitter pill for the people but a necessary cure for the economic problems the country is facing.

Addressing the nation at the climax of Peasants' Day celebrations at the Kambarage Stadium here yesterday, the President said people should not lose hope because of the current economic hardships but rather they should face them squarely.

The President assured the people that Tanzania would succeed in building a strong economy if the people worked hard.

The Government had been forced to sign the agreement with the IMF because it could not meet its foreign exchange requirements, he said, adding that Tanzania was able to meet only 70 per cent of its requirements.

The President said human beings had to face difficulties because even sport would be tedious if all the year round was a holiday.

However, he assured the people that signs of recovery could now be seen as evidenced by the availability of clothes, cement and other consumer goods.

He said although prices were high, at least the situation was better than a few years ago when people had to buy items such as soap at hiked black market prices.

President Mwinyi said people

used to carry money in their stockings because there was a lot of it but little to buy. He said the situation was different now as there were many things to buy.

Recovery measures could be felt more if there was an increase in cash crop production, he said, adding that cash crop production was vital in order to boost the country's foreign exchange earnings.

President Mwinyi said, availability of foreign exchange was the key to the rehabilitation of the economy and stressed increased production of cash crops just as the people had done in maize production, an area in which the nation could now boast of a surplus.

The President urged the people to make use of agricultural extension staff and attract them to stay in the villages by building them houses. He said the Government would provide roofing sheets, doors and windows but the people should provide labour.

He said research should also be strengthened by starting research programmes for each crop, and asked the authorities to ensure that vehicles were redistributed to various sectors including research units.

Meanwhile, President Mwinyi has called on state farms that are cultivating paddy, wheat and sugar cane to extend their expertise to neighbouring villages as a strategy towards increase of production of the crops.

He said the expertise should be extended together with services such as farm equipment and seeds. If need be, he said, the peasant should be charged a minimum fee for the ser-

vices.

The President also advised the Ministry of Agriculture and Livestock Development to consider the possibilities of introducing small scale sugar factories that would be fed with sugar cane from village farms or individuals.

He said if each district or region had such a factory, sugar produced from state farms would only be part of national effort towards self-sufficiency in the commodity.

He said the country had yet to meet the demand for the commodity and with the poor transport infrastructure, it was difficult to sell the commodity throughout the country.

President Mwinyi said donors were ready to assist with machinery for such factories and that the Government would do everything possible to ensure that the country had attained self-sufficiency in the commodity.

Reviewing the performance of the agricultural sector over the past one year, the President said since 1978, the country had been able to meet its own food requirements for maize, beans, cowpeas, green grass and oil seeds.

But he said that the production of paddy, wheat and sugar was still low and urged more efforts to increase their production.

President Mwinyi pointed out that it had been possible for the country to have a surplus in maize production and the other crops because of good weather and government efforts to distribute farm inputs in time. Under the Economic Recovery Programme, funds provided by donors had also been spent with success in the rehabilitation of the transport sector.

But more important, the President said, peasants had accepted modern farming.

He said apart from using recommended crop husbandry, peasants should now concentrate on increased production per unit of land.

TANZANIA

WORLD BANK TO MEET GOVERNMENT REQUEST FOR \$2 BILLION

Paris INDIAN OCEAN NEWSLETTER in English 11 Jul 87 pp 7-8

[Text] The World Bank's Consultative Group on Tanzania which met on July 6 and 7 in Paris, agreed to meet in full the Tanzanian government's request for funding over the next two years by supplying 955 million dollars in 1987 and 978 million dollars in 1988. Eleven Western European countries, Canada, the United States, Japan and the Saudi Arabian and Kuwaiti Funds attended the meeting, as did eight multilateral organisations. Donors have thus stepped up their effort considerably since the previous Consultative Group meeting in June 1986 for the first time after a nine-year interval granted 800 million dollars per year from 1986 to 1988, even this being a doubling of international aid to Tanzania (Indian Ocean Newsletter No 236).

Assistance to Tanzania was agreed on the basis of its medium-term economic recovery plan drawn up by the government in 1986. For the next three financial years, from 1987-88 to 1989-90, Finance Minister Cleopa Msuya set the following objectives:

--"an average economic growth rate of at least 4% per year, equivalent to a positive growth of per capita income of 1%;

--"a fall in the rate of inflation from 30% in 1986-87 to less than 10% in 1989-90;

--"a reduction of the current account deficit, from 155% of merchandise exports in 1987 to 114% in 1990, which would prepare the way for the restoration of a sustainable balance of payments position by the early 1990s."

For Mr Msuya, economic growth must be spurred during this period by an increase in agricultural incomes, in order to return to "the levels achieved in the early 1970s" and by "increases in efficiency and capacity utilization in the industrial sector."

Below is the detailed plan set out by the Tanzanian Finance Minister, as presented to donors. It is indisputably a medium term programme for the total liberalisation of the Tanzanian economy, even if the word itself is not used.

--Exchange rate: the exchange rate adjustment policy introduced in April 1986 (with the rate moving from 17 Tsh per dollar to 60 Tsh per dollar by

May 1987) will be pursued "to achieve a balanced exchange rate by mid-1988." At the same time the government will adopt a tariff policy aimed at restoring equilibrium in the balance of payments, beginning in the second half of 1987.

--State budget: The aim during the next three financial years will be to hold the public deficit within limits permitting a sharp reduction of the need to borrow from banks, in order to reduce the rate of monetary expansion. The 1986-87 budget already provides for a freeze on employment in the public sector (apart from the medical services and education), and the measure will be maintained. Wage increases will remain below the rate of inflation while the salary structure will be improved to achieve greater efficiency. During the year the government will prepare a medium-term strategy for public expenditure and a plan of action will be put forward for 1987-88. Another plan of action is being examined for speeding up the process of restructuring the parastatal sector begun in 1984-85.

--Monetary policy and reform of the financial system: Quarterly domestic credit and government credit expansion targets have already been established and the government intends to continue making quarterly adjustments in the principal deposit and lending rates. Regarding the banking system, the government recognises the need to review the current system in order to improve the efficiency of existing services and to enable other institutions to provide a full range of banking services.

--Price policy: In recent years, price-controlled commodities have fallen in number from several hundred to 24; this process will be continued to eliminate price controls by mid-1988.

--Agricultural pricing and distribution: There are currently no more restrictions on the movement of grain for local consumption following the involvement of private organisations in the market. The government is reviewing its role in the National Milling Corporation. For export commodities, the former crop authorities have been replaced by new bodies. Some public and private estates growing sisal and tea are now allowed to market directly. Starting in the 1987-88 crop season, cooperative unions and other large producers will be able to export directly. The government is convinced also of the need for adequate price incentives and it aims to increase producer prices of export crops to a level equivalent to 60-70 percent of export prices (f.o.b.). The government will encourage price differentials depending on quality.

--Industrial sector: Tanzanian industry is faced with high import dependency, inadequate infrastructure, shortages of skilled manpower and low capacity utilisation, so that resources must be channelled towards selected priority sectors, particularly those related to agricultural expansion--tools, transport, essential commodities--and to the more efficient firms, to the detriment of less efficient ones. A plan of action for such a scheme will become effective over the period 1987-89.

--Transport: The transport sector in Tanzania is quite inadequate. The main problem is the massive need for investment for the rehabilitation of the existing structures and the extension of the road network towards regions of high agricultural potential. A programme for the rehabilitation and modernisation of the port of Dar es Salaam is in progress and an emergency programme for the Tanzanian Railways Corporation is due for completion in 1989. Rehabilitation of the roads has begun.

--Economic growth: The objective of 4% economic growth should be achieved with a low level of growth of imports. During the first year of the economic recovery programme (1986-87), imports rose by 16% in dollar value compared with 1984-85. For the coming years the government expects import growth of 2% by volume, 5% by dollar value. Exports should finance a growing proportion of imports. The volume of primary imports is expected to rise by 20% in 1987, thanks largely to substantial increases in cotton, tobacco and tea exports. The value of total exports in U.S. dollar value is projected to grow by 15 percent per year.

--External financing requirements: Given these import and export growth projections, the current account deficit (excluding government transfers) is projected to decline from 714 m\$ in 1988 to 685 m\$ in 1991. It will be met to a large extent by capital inflows. On this basis the overall deficit of the balance of payments would fall from 286 m\$ in 1988 to 98 m\$ in 1991. Moreover, an annual improvement of about 40 m\$ in the gross reserve position of the Bank of Tanzania is envisaged. Thus the financing gap, before any special balance of payments assistance, is estimated to amount to 328 m\$ in 1988, but to decrease to about 145 m\$ in 1991.

**TANZANIA - Balance of Payments**

US\$ millions

	Average 1984-85	Estimate 1986	Projections				
			1987	1988	1989	1990	1991
Exports (FOB)	337	348	411	460	522	614	695
Imports (CIF)	946	1,050	1,050	1,220	1,240	1,302	1,368
Net Services	-56	-85	-126	-115	-113	-112	-114
Net Private Transfers	148	250	200	160	120	100	100
Current Account (excl. Govt. Transfers)	-517	-538	-665	-714	-711	-701	-685
Net Govt Transfers	170	363	404	375	390	410	425
Current Account	347	-175	-260	-339	-321	-291	-260
Net MLT Loans	-46	17	-9	60	80	113	153
Net Suppliers credits	39	-55	-18	-7	2	8	9
Errors and omissions	78	-84					
Overall Balance	-277	-297	-287	-286	-240	-170	-98
Net Financing	277	297	145	-42	-49	-54	-64
Changes in reserves and Net IMF purchases	-14	-3	-15	-48	-54	-77	-99
Debt Rescheduling and arrears accu- mulation	291	300	160	142	328	289	224
Financing gap							162

CSO: 3400/176

PRIME MINISTER DENIES DIVISION IN CABINET OVER BUDGET

Dar es Salaam TANZANIA DAILY NEWS in English 30 Jun 87 p 1

[Text]

THE Prime Minister and First Vice-President, Ndugu Joseph Warioba, has dispelled claims that Cabinet ministers were divided over the 1987/88 government Budget proposals.

He told the National Assembly in Dar es Salaam yesterday that he did not subscribe to allegations that some Cabinet ministers attempted to instigate MPs to reject the proposals.

Ndugu Warioba, who was winding up the debate on the 1987/88 estimates for his office, said he was convinced that MPs' criticisms of the budget proposals, particularly the new fuel prices, were based on genuine views of the House members.

The Premier was reacting to assertions during the debate by Ndugu Lucy Lameck (Women's seats) who said she had evidence to show that some Cabinet ministers opposed to the budget proposals were courting MPs to reject the package.

"I am not aware of any division in the Cabinet over the budget proposals... No MP has ever told me that some ministers were instigating them to reject the budget," the Prime Minister said.

Ndugu Warioba said what was evident from the debate on the budget proposals tabled by the Ministry for Finance, Economic Affairs and Planning, Ndugu Cleopa Msuya, on June 18, was that MPs were strongly opposed to the new fuel prices.

He explained that he convened four ministerial sessions to discuss the matter. A fifth meeting chaired by President

Mwinyi came up with the compromise formula to reduce gasoil and industrial oil prices by shifting the difference to petrol, beers and soft drinks.

The Prime Minister suggested that the MP could have misinterpreted remarks made in the House by Government ministers during the debate.

He recalled that the Deputy Minister for Finance, Economic Affairs and Planning, Ndugu Simai Pandu Makame, had told the House at one point that the Government was yet to find an alternative to fuel price increases.

"One youthful MP told me later that he was sickened by the Deputy Minister's remarks but I don't think this amounted to instigating any one to reject the budget proposals" he explained.

He said he was aware that Ministers were exchanging views with MPs at the Parliament grounds and elsewhere, which, he added, was a normal and healthy practice.

"Ndugu Lameck says she has evidence that some ministers tried to instigate Members of Parliament. I say it is up to you MPs to judge if the views you expressed on the budget were instigated by ministers," Ndugu Warioba said.

Meanwhile, Ndugu Warioba warned that any one who tried to destabilize the Union between Tanganyika and Zanzibar would be dealt with ruthlessly by the Party and Government.

He, however, cautioned Tanzanians not to give a political dimension to all problems arising from the daily operation

of the Union and Zanzibar Governments.

Referring to observations by some MPs that there were disgruntled elements bent on wrecking the Union, Ndugu Warioba said this could not be taken lightly but dissuaded MPs from interpreting everything as a Union matter.

"For example, if the Posts and Telecommunications Corporation fails to extend telephone service to Wete or if there is delay in supplying fuel to the Isles, these have nothing to do with the Union...We must not give political dimensions to everything," he stressed.

The Prime Minister told the House that the tendency to politicise operational problems between the two sides of the Union had extended to national projects, such as the Kibiti-Lindi Road which was being treated as a political issue by some MPs.

He warned that this would demoralise residents of the southern regions and undermine national unity. "Divisive views raised by MPs on the project are heard throughout the country. This may make the people feel that they are being ignored," he pointed out.

He stressed that the Government was determined to implement the construction of the Kibiti-Lindi Road as a national project.

Ndugu Warioba reiterated the importance of charging development levy on all able-bodied persons regardless of sex. Suggestions by some MPs that women should be exempted from paying the tax were chauvinistic and against the principal of equality, he explained.

Responding to calls by MPs to increase the number of administrative districts, the Prime Minister said this would depend on economic ability.

Explaining that there were at least 19 sub-districts awaiting full district status, Ndugu Warioba said the exercise was expensive and must move in phases. It cost up to 100m/- to set up a district administrative structure, he pointed out.

He restated the urgency of reviving the self-reliance spirit throughout the country to augment government efforts at national development.

Ndugu Warioba said such projects as feeder roads and buying radio receivers for primary schools should not wait for budgetary allocations or external donors.

The 1987/88 estimates for the Prime Minister's Office were unanimously passed by the House. The Minister for Local Government and Co-operatives, Ndugu Kingunge Ngombale-Mwiru, is scheduled to present his Ministry's estimates today.

/9274

CSO: 3400/191

GOVERNMENT BLAMES BIG POWERS FOR UNJUST ECONOMIC SYSTEM

Dar es Salaam TANZANIA DAILY NEWS in English 16 Jul 87 p 1

[Text]

TANZANIA has blamed the big powers for their support for the unjust global economic system and interference in other nations' affairs.

The Minister for Foreign Affairs, Ndugu Benjamin Mkapa, told the National Assembly in Dar es Salaam yesterday that efforts being made for the restructuring of the unjust global economic system were being frustrated by the big powers.

Ndugu Mkapa urged developing nations to look for alternative ways and means of their own co-operation and development.

"The current economic problems facing developing nations, and the continued refusal by some developed nations to play a role in bringing about a new international economic order, makes it imperative for the developing countries to initiate alternative ways and means of their own co-operation and development," the Minister said.

He was presenting his Ministry's 1987/88 estimates of 1,432,295,300/- and 48,648,648/- for recurrent and development expenditures, respectively.

The Minister stressed that co-

operation among the developing nations was vital in bringing about change in the global economic system, and Tanzania would foster such co-operation to achieve that goal.

He said the three East African countries had embarked on a new phase of mutual cooperation which would avert mistakes that led to the collapse of the former East African Community.

Discussions were going between Kenya, Tanzania and Uganda for the establishment of a permanent tripartite commission.

Apart from supervising daily operations in agreed areas, the commission would also be responsible for initiating new areas of mutual cooperation.

Attacking big powers for interfering with other nations' political conflicts, Ndugu Mkapa said: "We denounce the big powers' interference in the Chad conflict and call upon them to leave alone the Chadian people to solve their own problems."

Tanzania also wanted the big powers not to make the Gulf states their ground for armed confrontation. "The big powers will help in bringing about peace in the area if they stay away from physical participation in the on-going conflict in the Gulf", the minister said.

Ndugu Mkapa said Tanzania would continue to support the Palestinian people's cause for self determination and independence. He supported calls for an international conference to discuss peace in the Middle East.

He expressed satisfaction over Tanzania's participation in Southern African Development Coordination Conference (SADCC) and the Preferential Trade Area (PTA).

He told the House that Tanzania had signed agreements with 23 countries. In most of these agreements there was a permanent commission for cooperation.

He said his ministry would give priority to economic joint ventures in line with the implementation of the economic recovery programme. The projects would be in the agricultural, natural resources and tourism.

The country was negotiating with Bulgaria, Yugoslavia, the Soviet Union, China, Cuba and Brazil with the aim of starting joint ventures.

The minister said Tanzania had had good cooperation with Asian, European, American and other African countries.

/9274

CSO: 3400/191

ZAIRE

LEGISLATIVE COUNCIL SPEAKER LAUDS SOVIET SUPPORT

AB181150 Kinshasa AZAP in French 1510 GMT 15 Jul 87

[Excerpts] Kinshasa, 15 Jul (AZAP)--The speaker of the Legislative Council, Citizen Kasongo Mukundji, recommended the "rapid" implementation of all the actions undertaken under the numerous agreements signed between Zaire and the Soviet Union. He was speaking last night during a toast at a dinner given by his institution in honor of the Supreme Soviet delegation. Citizen Kasongo Mukundji was referring to cooperation projects, especially those in the fields of mining and transport, which had been initiated, and whose realization, he said, needed the support of the two parliaments.

After renewing his proposal to create a friendly group within each of the two parliaments and praising the Soviet Union's support for Third World countries in international forums, the speaker of the Legislative Council expressed the wish to see this support develop further in the field of development aid for the recovery of developing countries.

This view was shared by Supreme Soviet Deputy Speaker Aleksandr Aleksandrovich Mokanu, who pointed out that his delegation had come to Zaire to acquaint itself with the everyday realities of the Zairian people and with their problems, and to inform Zairian interlocutors about Soviet realities. Mr Mokanu was happy to find that the leaders and members of the Legislative Council were attentive and open to an exchange of views on international issues and bilateral cooperation with a view to giving them a fresh impetus.

/9604

CSO: 3400/177

COMMUNIQUE MARKS END OF SOVIET DELEGATION VISIT

AB231633 Kinshasa AZAP in French 1045 GMT 23 Jul 87

[Text] Kinshasa, 22 Jul (AZAP)--Legislative Council President Citizen Kasongo Mukundji and Aleksandrovich Mokanu, vice president of the Presidium of the Supreme Soviet, in a joint communique signed today at the National Assembly, expressed satisfaction with the excellent relations that exist between the Zairian and Soviet peoples. This joint communique was issued at the end of the 9-day visit of the Soviet parliamentarians to Zaire.

The two sides acknowledged their common desire to intensify and diversify these relations and stressed the need to see cooperation agreements signed between the two countries translated into concrete action. To this end, the two delegations agreed to support the efforts of their respective governments to increase the exchange of delegations and experience in order to "get to know one another better." Finally, they discussed the possibility of creating friendship groups with the Supreme Soviet and the Legislative Council.

With a view to continuing their (?dialogue), Mr Mokanu invited the president of the Legislative Council to lead a delegation of Zairian parliamentarians on a visit to the USSR at a date to be fixed through diplomatic channels.

Mr Mokanu and his delegation took the opportunity to reiterate their condolences to the MPR founding chairman and president of the Republic and the Zairian people for the two railroad and water transport disasters which recently plunged them into mourning.

On the international level, the two delegations examined the various aspects of the current international situation and held detailed discussions on South Africa and Namibia, on the armed conflicts in the world, disarmament, and the development of Third World countries. They reaffirmed their attachment to the same ideals of peace, justice, and liberty, and expressed satisfaction with the similarity of their stands on these major issues.

During its stay in Zaire, the USSR Supreme Soviet delegation held discussions with several Zairian dignitaries, notably the first vice president of the bureau of the MPR Central Committee, the first state commissioner, and the state commissioner for foreign affairs and international cooperation.

/9274  
CSO: 3400/198

ZAIRE

SMALL BUSINESS PROJECT RECEIVES WORLD BANK LOAN

AB262146 Kinshasa AZAP in French 1431 GMT 25 Jul 87

[Excerpt] Kinshasa, 25 Jul (AZAP)--The small- and medium-scale enterprises project being implemented under the authority of the Bank of Zaire and jointly sponsored by other banking institutions--the ANEZA [National Association of Zairian Enterprises], and the OPEZ [Office for the Promotion of Zairian Business]--has just received, through the Executive Council, a \$25-million line of credit from the World Bank for the funding of Zairian small- and medium-scale enterprises. Citizen Bombito-Botomba, director of the productivity center at the Department of Planning, who announced this news at a colloquium held on Wednesday at the FIKIN [International Fair in Kinshasa] by the CADICEC [expansion unknown], stated that commercial banks will receive applications from their customers. After examination, these applications will be forwarded to the project bureau, which will see to it that they conform to the criteria for admission. He disclosed that the project had provided for resources to finance certain training and counseling projects, as well as aid to small- and medium-scale enterprises.

Citizen Bombito remarked that exchange risks on these loans will be borne by the state, and interest rates will be fixed by using the rediscount [reescompte] rate of the Bank of Zaire as a reference. He added that the project is already operational and that certain information campaigns will soon be undertaken in the various regions.

/9274  
CSO: 3400/198

ZAIRE

BRIEFS

IDA GRANT TO HIGHER EDUCATION--Kinshasa, 15 Jul (AZAP)--The International Development Association, IDA, an affiliate of the World Bank, has just granted a credit of \$11 million (\$1 equals 121.8 zaires) to the Executive Council for the formulation of a long-term development strategy on higher education in Zaire, it was announced on 15 July at the office of the World Bank's representative in Zaire. This higher education project, which is part of the Executive Council's structural and sectoral adjustment programs, includes surveys aimed at improving the management and the administration of education, and a program for technical assistance and training to strengthen the ability to teach and to learn. Besides the credit, according to the same sources, the IDA will also finance the purchase of books for the university libraries as well as teaching aids. The project, supported by the Executive Council to the tune of \$1.2 million and for which a large number of Zairian university dons have been mobilized, also includes the examination of the strategies proposed during a series of national seminars.  
[Text] [Kinshasa AZAP in French 1505 GMT 15 Jul 87] /9604

CSO: 3400/177

ZAMBIA

DEFENSE MINISTER WARNS 'ENEMY FORCES' ON INVASION

MB211952 Lusaka Domestic Service in English 1800 GMT 21 Jul 87

[Text] Defense Minister General Malimba Masheke warned enemy forces that they will be hit hard in the event of an invasion of Zambian territory. The minister said enemy forces that work both within and outside the country should not think [words indistinct] to invade Zambia and destroy what was built in the past 23 years of her independence.

Speaking when he called on the provincial political secretary, Comrade Kamwana, in Livingstone today at the start of his tour of the Southern Province, Gen Masheke said people should not feel [words indistinct] when they experience sporadic acts of aggression by enemy forces. The minister said the people of Livingstone were nearer to the point of the barrel than any others and must [words indistinct] protection. He warned Zambians against taking the country's hard-worn independence for granted, adding that the peace they were enjoying did not come about on a silver plate but struggle. The minister said there was an influx of refugees into Zambia because of the peace that prevailed in Zambia, and wondered where Zambians would go if there was chaos in the nation.

/9274  
CSO: 3400/199

TIMES EDITORIAL CONDEMNS RSA FIDA PARTY

Lusaka TIMES OF ZAMBIA in English 9 Jul 87 p 1

[Text]

THE South African regime's repression and torture under the apartheid system seems to have become so severe during the past few years that some black Africans in Johannesburg and Pretoria have become mentally deranged.

Who would have imagined, for example, that a group of the oppressed black people would have an unholy alliance and form what they described this week as "a moderate party?"

It is obvious that the leaders and the followers of the so-called Federal Independent Democratic Alliance (Fida) are either mentally abnormal or politically ignorant especially about the political affairs of their own country.

It must be considered as a joke even in a political kindergarten

school in South Africa to hear the Fida leaders declare that their party is prepared to act within South African institutions to fight against apartheid. How does a sane man fight apartheid while accepting its institutions?

And when you realise that the apartheid institutions include hell-type of prisons, a security system which has been built and trained to identify opponents of apartheid and army and police forces established to protect the Boers and shoot anyone protesting, then you must know that the leaders of the Fida and their followers are candidates for some mental asylum.

Surely the confused leaders of the party, which hopefully will fall by the wayside, must have read in

their newspapers that although President Pieter Botha has been encouraging "moderate blacks" in talks on new constitutional arrangements he has ruled out admitting blacks to parliament and that he will not abandon apartheid.

So what does the Fida want to talk to the apartheid regime about? Do they sincerely believe that ANC and UDF supporters are being killed in their thousands because they just want to die? No. You misguided Africans: they are being butchered because the Boers can neither effectively reform nor dismantle apartheid peacefully.

Apartheid has to be fought until it is pronounced dead. The deaths of some people by "necklaces" or Molotov cocktails" are not supported by the ANC and other political parties fighting apartheid, but they can occur in any revolution.

What the Fida leaders should now be telling the world is that they have become sell-outs. They want to work within apartheid when a number of whites with vision are going to have talks in Senegal with ANC representatives on the future of South Africa. That is why we think that Fida leaders are political lunatics.

/9317  
CSO: 3400/658

OFFICIAL ANNOUNCES UNEMPLOYMENT REDUCTION PARTY PRIORITY

Youths Wandering in Streets

Lusaka TIMES OF ZAMBIA in English 24 Jan 87 p 1

[Text]

ONE of Zambia's priorities in the new economic recovery programme is to reduce soaring unemployment, Party Secretary-General Comrade Grey Zulu said in Kitwe yesterday.

After abandoning the IMF-sponsored scheme the Party and its Government had charted another course of rebuilding the economy which included creating of more jobs for the million youths now wandering in the streets.

"We want to reduce unemployment and create more jobs in the new economic plan, we would like more cooperatives to be formed so that a lot of people could join them."

Cde Zulu who was addressing Party officials, union leaders and heads of parastatal and Government departments at Buchi hall said he was disappointed that unemployed youths especially on the Copperbelt had responded poorly to a call for them to register with district governors so they would be helped to return to the land.

The Party and its Government was committed to see that the new economic recovery plan worked for the nation to survive.

He announced that permanent secretaries and district executive secretaries were directed at a meeting in Lusaka recently to create temporary jobs in their areas to absorb the unemployed people.

The jobs would include patching potholes, painting houses, cutting grass and repairing dilapidated buildings.

"Even if this would not be permanent at least it will enable most of the unemployed to earn some income."

On traders resisting to drop prices the Party chief warned that their days of resistance were numbered.

In Luangwa, Member of the Central Committee

Cde Ludwig Sondashi called on Zambians to be

vigilant and guard against subversion and sabotage by people who have been hurt by the new economic measures, reports Zana.

Addressing three separate meetings in Kaunda, Makokwe and Malila wards Cde Sondashi who is Vice-Chairman of the Elections and Publicity Sub-Committee said for the programme to succeed all able-bodied Zambians should fight hard to defend the revolution.

Senanga district council has been directed to close down shops and immediately revoke trading licences for businessmen still refusing to toe the Party line.

Member of the Central Committee Cde Betty Chilanga issued the directive when she addressed a public meeting there.

## Cooperatives Planned

Lusaka TIMES OF ZAMBIA in English 24 Jun 87 p 1

[Text]

**A CHILD** finishes formal academic education and makes efforts everyday to get a job but office doors are closed and managers' backs are turned each time he makes inquiries.

Desperation replaces hope and both the child and parents face each other in despair with the question "what shall we do" permanently on their lips.

This is the sort of situation an average family in Zambia experiences these days because of problems of youth unemployment.

The announcement yesterday by the Party Secretary-General Cde Grey Zulu in Kitwe that reduction of unemployment is one of the Party's priorities in the new economic recovery must have come as balm to troubled minds.

He said after abandoning the IMF-sponsored programme the Party and its Government had charted another course of rebuilding the economy which includes creation of jobs for the million youths now roaming the streets.

This disclosure comes close on the heels of President Kaunda's announcement in March when he launched the Youth Week that the University of Zambia had been contracted by the Government to carry out feasibility studies into the establishment of projects to absorb the two million youths throughout the country.

This shows how serious the Party is in trying to solve the problem of youth unemployment because it realises that a solution to unemployment would also be the ob-

vious cure for the increased crime rate. The mind of a loafer is restless and bent on mischief.

A reduction in crime rate would mean peace in the country and citizens and their leaders would concentrate on more viable issues in the development of the nation.

Cde Zulu spelt out plans to tackle this issue. Jobs would be created in the new economic recovery plan through the creation of more co-operatives.

But efforts by the Party and its machinery will not bear results if attitudes do not change among the youths themselves. Many of them still live in a dream-land where a job means sitting behind a mahogany

desk dressed in a suit listening to people's problems — white collar jobs.

The Party chief was disappointed with the poor response by the youths to the call to return to the land. Formal job opportunities in Zambia, and many other parts of the world have declined drastically rendering the dream of formal employment archaic.

This is why any intelligent youth should take advantage of the programmes the Party and its Government and other agencies have drawn up to solve unemployment. Nowhere in the world can all people be jammed into offices as clerks.

The Party has not only shown the way but has also led the way for any willing youth to follow.

CSO: 3400/650  
/9317

UNEMPLOYED URGED TO FARM

Lusaka SUNDAY TIMES OF ZAMBIA in English 21 Jun 87 p 1

[Text]

ZAMBIA's economic recovery plan is assured because of the support that the Party has received from the people, Party Secretary-General Comrade Grey Zulu has said.

He told a crowd that welcomed him in Mufulira on Friday that the Party was encouraged by the support shown for the measures announced by President Kaunda to resuscitate the economy and was assured that the nation would overcome its problems.

He said with the people's support and the selfless leadership of President Kaunda who had continued to make sacrifices for the good of the nation, Zambia would overcome difficulties.

But unless all Zambians worked hard in their various spheres, nothing would be achieved.

The nation's primary task was to grow more food to end hunger, produce more clothes to meet the people's needs and put up more houses to ensure all Zambians were decently accommodated.

This was a formidable task which could be won if able-bodied persons worked hard on the land.

The country cannot afford to have parasites whose only objective was to feed on other people's sweat and toil.

He announced that Zambians not in employment should with immediate effect register with district governors' offices who would resettle them on the land.

"We shall not develop or achieve anything as a nation if we are idle. The measures announced by President Kaunda call for all able bodied Zambians to work hard in order for them to succeed.

In Petauke, Member of the Central Committee Cde Joshua Mumpanshya urged the people to take up farming seriously and help reduce the country's economic problems.

Cde Mumpanshya who is Vice-Chairman of the Economic Committee made the call when he addressed two separate public meetings.

Member of the Central Committee Cde Betty Chilunga asked people living in the drought stricken areas of Senanga district to concentrate on growing sorghum, bullrush millet and cassava because such

crops were drought resistant.

Cde Chilunga who is on a ten-day tour of the district with provincial political secretary for Western Province Cde Shadreck Mwlimbwa to explain new economic measures said such crops were important in the west bank of the Zambezi river if people were to be saved from hunger.

Member of the Central Committee Cde Maxwell Beyani has warned that businessmen who do not comply with the Party and Government directive to reduce prices on Government controlled goods would lose their trading licences and have their shops closed.

Cde Beyani gave the warning at Isoka, Nakonde, Muyombe and Thendere.

In Kabwe, Member of the Central Committee Cde Elijah Mudenda said the Party would continue to follow the laid down procedures in disciplining public officials.

Cde Mudenda, who is Chairman of the Appointments and Disciplinary Sub-Committee, said that his committee strictly followed procedures laid down in the Party constitution and those who felt that they had been unfairly punished had a right to appeal to the national council. —Zana.

CSO: 3400/650  
/9317

GOVERNMENT TO RESETTLE REFUGEES

Lusaka SUNDAY TIMES OF ZAMBIA in English 21 Jun 87 p 7

[Text]

**REFUGEES** living in border areas who resist efforts to be resettled into established centres by the Government will be treated as illegal aliens and punished.

Minister of State for Home Affairs Comrade Joseph Kasongo yesterday lambasted refugees who did not seem to understand the seriousness of the security situation along border areas and resisted to move to refugee settlements.

Cde Kasongo said those refugees resisting to move should pack up and return to their countries of origin voluntarily.

"We still appeal to them, for their own safety and that of the Zambian people in border areas to move to designated settlements otherwise we shall take it that they are not genuine refugees and the law enforcing organs will have to treat them accordingly."

He was speaking at the Makeni refugee transit centre in Lusaka during commemoration of Africa refugees day which fell yesterday.

Cde Kasongo noted that border areas between Zambia, Angola and Mozambique had always posed a security risk in that UNITA and MNR rebels had planted landmines and sent infiltrators to destabilise not only the border areas but the country as a whole.

Cde Kasongo reaffirmed that Zambia was committed to giving support to refugees. That was despite the fact that Zambians had suffered continuously as a result of their unrelenting support for the people of Mozambique, Angola and Zimbabwe during their liberation struggles.

Commissioner for refugees in the Ministry of Home Affairs Cde Musyani Simumba said the number of refugees in Zambia had now soared to 145,000. This was the largest number in Southern Africa.

The 13th Africa refugee day celebrations were being commemorated against a background of a worsening security and political situation in Southern Africa.

That had been evidenced by the large number of

refugees in the Eastern and North-Western provinces over the past two years.

"Zambia will always have the obligation to offer shelter to genuine refugees."

General secretary of the Christian Council of Zambia Mr Philip Mudenda said the problem of refugees in Zambia was a complex one emanating mostly from the problem of South Africa.

The racist regime had pursued a policy of aggression and destruction which had devastated neighbouring countries' economies and caused human suffering on an incomprehensible scale.

Referring to the number of refugees in Zambia Cde Mudenda thanked the international community for helping in their upkeep. It would not have otherwise been possible in an economically vulnerable country such as Zambia.

Meanwhile, the Makeni refugee centre has appealed for help from all organisations to help with construction of a new dormitory with the necessary washing and toilet facilities and furniture at an estimated cost of K250,000.

ZAMBIA

EASTERN PROVINCE PRODUCTION DOWN IN WAKE OF DROUGHT

MB251951 Lusaka Domestic Service in English 1800 GMT 25 Jul 87

[Text] Speaker of the National Assembly Dr Robinson Nabulyato has said production of most crops in the Eastern province has been reduced this year due to the drought. Opening this year's provincial agricultural and commercial show in Chipata today, Mr Nabulyato said because of drought production of maize, sunflower, rice, cotton, and [words indistinct] tobacco has drastically gone down by 40 percent. He, however, said despite the drought the people in the province continued to work hard. The speaker told the crowd, which included provincial member of the Central Committee Comrade Chibesa Kankasa, that the nation was striving to have sufficient food to feed itself, as hunger could bring instability to the nation.

/9274

CSO: 3400/199

BRIEFS

POLICE PAY COMPLAINTS--There is general discontent among police officers in Southern Province over non-payment of arrears which have been awarded to other civil servants. They complained that authorities were not responding to their grievances over arrears charging that some of them had now been surpassed in salaries by office orderlies. "We do not want to steal and we have got no way of going on strike like the teachers and others, but we have to survive and therefore need better conditions," said one of the police officers who did not want his name to be published. Times of Zambia offices in Livingstone have been inundated with phone calls from police officers complaining about salary arrears. They wondered why only officers in the south were affected while their colleagues at force headquarters and other divisions had been paid arrears. Police officers urged the police and prisons service commission to speed up the issue of arrears as most of them were getting impatient. Deductions made some months back on increments they were not awarded had not been rectified. The deductions had left most police officers with almost nothing to take home. Efforts to get a comment from Southern Province police chief Comrade Alfred Mulopa failed. [Text] [Lusaka TIMES OF ZAMBIA in English 29 Jun 87 p 7] /9317

SEEDS MUST BE IMPORTED--Negotiations are underway to secure a \$12 million loan from foreign sources to import maize seeds because of a shortfall. Minister of State for Cooperatives Comrade Nathan Siafwa said yesterday seed growers were affected by the drought which hit many parts of Zambia. He appealed to farmers in Chief Sipatunyana's area in Kalomo to buy seeds and fertiliser in readiness for the next planting season. Cde Siafwa assured those who had obtained loans from the defunct Agricultural Finance Company that the Government was aware of their problems and would extend the grace period to next year. He urged the people to form cooperatives instead of travelling long distances for their farming needs. Zana reports: Chipata governor Cde Evaristo Mutale said the district will this season expect a low yield because of poor rainfall and the late delivery of agricultural inputs. The district would harvest 502,715 bags of maize, 978,700 kg of cotton, 13,854 bags of groundnuts and 4,938 bags of soya beans. Cde Mutale who was opening an agricultural show at Chiparamba sub-centre on Saturday appealed to people not to sell all their maize to avoid famine. In Katete, governor Cde Zongani Banda called on the Eastern Cooperative Union (ECU) to supply empty grain bags to rural markets in his area. [Text] [Lusaka TIMES OF ZAMBIA in English 29 Jun 87 p 1] /9317

KAUNDA ABIDES BY DECISION--The president, Comrade Kaunda, has said that he will continue serving the people of Zambia as long as they want him to and will not impose himself on them as the task of presidency is a difficult one. Comrade Kaunda said the people made the decision and as such the decision [words indistinct] is left to them. Speaking during a question and answer session with students from Lake Road Primary School who called on him at State House, Comrade Kaunda said he was thankful to God who he believed was his great strength for allowing him to lead the people of Zambia and helping him through many difficult situations. Comrade Kaunda urged Zambian youths to commit themselves to the eradication of poverty in the country. [Text] [Lusaka Domestic Service in English 1800 GMT 21 Jul 87] /9604

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